Working In Contemporary Teams

Dr MP Ganesh

Department of Entrepreneurship and Management

Indian Institute of Technology Hyderabad

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Factors affecting start-up teams

Warm welcome to this course on working in contemporary teams and virtual teams. I'm Dr. M.P. Ganesh. I'm your instructor from IIT Hyderabad.

So in this chapter, we were looking at cross-cultural teams and startup teams. In the previous lecture, we started with what is startup team and how is it different from other kinds of teams. What are the paradoxes which are found in startup teams? So a startup team is unique because it's a team and it's also an organization. So in terms of scope of functioning, it behaves as an organization.

In terms of dynamics, the dynamics of a work team applies to a startup team. So that brings in various different challenges for the startup teams. And it becomes important for the manager and also the team members to understand these challenges and handle those challenges so that the best of the advantages of startup teams is achieved by the team. Like I said earlier, there are certain advantages because of the characteristics of startup teams due to the fact that they behave like teams. At the same time, these advantages can limit them in long run.

So it's a very important challenge for the founder and the team members to acknowledge these factors, these uniqueness and try to make them as their own advantage. So this is what we saw in the previous class about startup teams. We looked at how team composition of a startup team can be a crucial issue which can influence the performance of a startup team. We were looking at the idea of homogeneity and diversity in startup teams because most of the startup teams are created by a group of friends or people who know each other very well, they are very cohesive. In many instances, they were similar to each other in terms of their educational background, their value system or even the kind of experiences they have undergone.

So that homogeneity can give a lot of cohesiveness within the team members and it can

create an environment for trust. At the same time, lack of diversity in a startup team can lead to barriers in creativity or homogeneity can lead to bias in terms of decision making. We also looked at how in a startup team when people are closely bound to each other, emotions of one member can strongly influence the emotions of other members. So we call it emotional contagion like a common cold, people can easily catch emotions of others when they are close to them. So many of these startup teams, they fail to survive beyond three years because the team members within the startup team, some of them can drop out of the team.

And when some of the initial members drop out of the team, it can affect the motivation of other team members and they can also give up and then they can also leave. So this is one reason why startup teams, when people leave the startup team, one of the founders leave the startup team, the entire team dismantles, the entire organization dismantles. And one reason could be some of the emotional issues faced by the team members. So this is where we stopped in the previous class. A very important aspect of any team, especially a startup team is trust.

So how do we build trust within the startup team? At the initial stages, trust, creating trust is not a challenge. Why? Because like I said earlier, people know each other, they understand each other, they are very cohesive and they are very similar to each other. So building trust may not be a challenge. But over a period of time, what can happen is when new members join, especially when there is a need to recruit new people and people who are different from the existing group, people who are not necessarily known to the initial founders group. So when these new members join, you need to create the culture of trust within them.

And also like I said earlier, startup teams, the size of startup teams doubles very quickly, especially at the initial stages, let's say in two or three years from 10 members, it may become 50 to 100 members in two to three years. So in that case, creating the sense of trust, creating the sense of cohesiveness is a very important challenge. So how do we do that? A very easy way to do it or the simpler way of doing it is as the founding group, showing trust among team members, conveying that there is flexibility in the group, there is flexibility in the organization, we trust each other. So giving that message will create a climate of trust among others in the team also, especially when the team is growing exponentially, when the group is growing exponentially. And also selecting team members who aligns with the culture of the organization, culture of the startup team or the vision of the startup team is very important.

More than the skill set, initial members should align with the belief system of the founding team of the organization or they should align with the vision of the founder. If

that happens, the culture is communicated to the other members and also trust is built within the organization at a very initial stages itself. So cohesiveness found in the startup team has its own advantages because it facilitates formation of trust. It helps people to communicate openly. It helps cohesiveness helps team members to take risks without fearing that what will happen others will think.

So these are some of the advantages of cohesiveness, high levels of cohesiveness in the team. On the other hand, cohesiveness can also be a major disadvantage. So if team members are very close to each other, when team members expect each other to like them very much, when people focus too much on cohesiveness in the group, when they give importance primarily to the unity in the group, that can lead to problems also. Especially problems in decision making are bound to happen when the team is highly cohesive. It may sound very counter intuitive.

It may sound like not common sensical. But the truth is when team members are very close to each other, it may affect the way decisions are made. It can lead to biased decisions. One reason is like I said earlier, when team members are cohesive, they tend to expect others to agree to their ideas. They tend to focus more on complying to groups demand.

So that can lead to members not opening their ideas or members not communicating their ideas which they think might be against the group's idea. So that can be one because they are all similar. They may focus on cohesiveness and compliance to the group norms. So newer ideas may not come out. And a very important aspect of, negative aspect of cohesiveness is group think.

So this some of you would have heard of if you have studied organizational behavior as a subject. So group think is when the group is very cohesive, team members when they have a different kind of an opinion, when members have certain opinion which they feel the other members may not accept or when they feel my opinion can be perceived as something very different from the group or it can be perceived as something which is threat to the group unity. And team members may not openly communicate those ideas. So because they feel this may disturb the team's unity, people may not open and share their ideas which otherwise would have been very useful in team decision making. So this is like group think is like focusing more on group persons rather than the actual effectiveness of team decision making.

So there are many practical examples of group think where team members have kept quiet even though they know that they are correct. They have kept quiet because they feel if I share this idea others may not like it or it may disturb the group unity. On the

other hand in long run whatever information this person hesitated to communicate have turned out to be a very important crucial information for decision making and without that information the entire group decision has been a failure. So group think is a very dangerous element and that is caused not because of something which is bad. It has caused not because of group conflict.

  Group think happens because people like each other too much in the group or people are very cohesive in the group. So it is very important to understand the negative impact of a positive thing like group cohesiveness. There is also something called Abilene's paradox. So Abilene's paradox is in group think one or two members, the minority member knows that this is a wrong kind of decision making but they keep quiet. But in Abilene's paradox each member even though they know that this is the right information they will keep quiet and in fact take a stance which is completely opposite to what they want to communicate.

  So it is like a group everybody hates making the decision in that particular way but each one of them thinks that okay this is the right way because everybody will prefer this so everybody takes the wrong decision. Everybody supports the wrong decision believing that the other person in the group would prefer to have this decision. So which is like very sad state. No one is satisfied with the decision making. No one is happy with that particular decision but everyone supported the decision assuming that the other person would have wanted it this way.

  So how to avoid these kind of traps which happen in decision making because of high levels of cohesiveness. There are many ways you can avoid group think. There are many ways you can handle group think. A very important way we can handle group think is assigning a person like a devil's advocate. Devil's advocate means there is one person assigned in the group.

  Her or her role is to voice out an opinion which is completely against what is shared in the group. So they will create a situation where one person or they will create a position in the group where one person gives a certain information or an opinion which obviously will look against the group interest. So devil, someone who gives an opinion which is like nobody will accept but they are doing it because their role is to do that. It's not that they feel that way. So that's why they are called devil's advocate.

  They are not devil in the group. They are devil's advocate in the group. So they are the voice of the opinion which otherwise would not be shared in the group. So having someone like a devil's advocate and also the role of a leader in the decision making is very very important. So the leader when starting the group decision making, the leader

should convey the message that there is no judgment in the group.

In fact, if somebody has a very different opinion, they are encouraged to talk. So the leader communicates the support to different opinions. The leader openly comes out and says if someone has an opinion or an information which is completely against the group belief, please feel free to share. There is no judgment involved. So creating the culture of confrontation in the group will help avoid group think and the role of the leader is very very important in creating the culture of confrontation in the group.

So apart from team composition, a very important aspect of startup teams is how networks are formed within the team. It holds true for any team. Social networks and boundary management are studied in any different teams. But especially in a startup team, how networks are formed both within the team and outside the team becomes very very important. Like I said earlier, initial three years or the infancy stage of the startup is a very crucial stage because that is a stage when the team grows rapidly.

At the same time, there are more chances that the team will face threat in terms of its survival. So in this stage, these teams rely heavily on resources from outside and also resources within. So to tap the resources both outside and inside the team, the startup team, you have to create these networks, the connections which will help the team acquire or reach out for people who can have access to resources outside and bring those resources inside. For example, bringing capital, bringing money, venture capitalists, bringing customers, first few customers, bringing experts, bringing new employees.

So these are resources outside. You need to connect to the right kind of people or connections outside to bring those resources. Similarly, within the team, if someone has certain knowledge, if someone has certain information, so how to facilitate information sharing within the team. So that also involves networking within the team. So both kinds of networking inside the team and also outside the team are very important for the survival of the startup team. There are some concepts which will be important for you to understand.

In fact, the idea of social networks is a very large body of knowledge. There are a lot of theories, a lot of concepts related to social networks. We are going to talk about very few which are relevant to startup teams. One important concept related to social network theory in relation to startup team is brokering and bridging. So brokering and bridging means social networks are like networks.

They are like connections. So when a startup team is formed, it is very cohesive. Like I said earlier, many of the team members know each other, they are very cohesive and

they are very united. So it's like one closed knit group. From one closed knit group, you need to connect to other groups.   You need to connect to other groups like other organizations, other entities, other stakeholders who are in a group like for example, a government body.

  You need to connect to government body for getting licenses or funding bank loan and things like that.   You have to connect to education institutions, to connect to some knowledge like maybe a latest information or scientific knowledge which you want. So you have to connect to education institutions.   You need to connect to financial institutions. So these are many groups startups should connect to.

  So when you connect to different groups, you need to bridge, you have to create a bridge between two different entities. One entity is your own entity, which is your own organization and also another organization. Sometimes as a startup, you need to connect two different bodies. Probably you need to connect, let's say you are a startup from a scientific institute, like a university, you are a startup from a university, you will be incubated by the incubator within the university. So you have to connect probably the incubator and your parent institute to some other entity like maybe a group of venture capitalists or a government body.

  So sometimes startup teams need to connect bridge between two different groups also. So bridging is connecting two entities where you act like a part to help facilitate information flow or resource flow. Some cases you may act as a broker, which means you are connecting two entities by having connection to one entity, you have certain advantage so that you can earn resources or you can acquire resources from other entity or you are charging an incentive because you are connecting two entities. For example, let's say many of these platforms like Uber or Swiggy, they are connecting two entities, one maybe a restaurant and the consumer, a car driver and the consumer. So this is brokering, by connecting two groups, two entities, you are charging some incentive that helps you in your survival.

  So some of these startups, their advantage can also be of brokering between two entities. There are other concepts which are related to social network, which are called boundary spanning and boundary protection. So boundary spanning means every team will have a boundary. So when you say boundary, it can be boundary in terms of membership, which means all the team members belong to one group because they have an identity of belonging to an organization.

  So there can be boundaries in terms of scope. So members of this entire team perform an act or a function which is similar. Vis-à-vis other entities outside, they are different

from them. So every social entity will have its own boundary. Even teams will have their own boundary, organizations will have their own boundary.

  Start-up teams will also have their own boundary. What differentiates people who belongs to this group and people who don't belong to this group. So this is what is boundary in simple terms. So in a startup team, you have to cross the boundary so that you network with others outside. In fact, in some cases, people in the team, they may spend more time with people outside the team than people within their own team. For example, if your role is getting new business development, so you may spend a lot of time with your potential customers.

  You may spend a lot of time with people in the market rather than spending time with your team members. Similarly, let's say if your role is to get new technology, you may have to work in another institute, collaborate with people in those institutes which involve this scientific development. So you are boundary spanning, you are crossing your team's boundary and interacting extensively with people from outside. So this is crossing boundary. Boundary protection means you are creating or you are strengthening the boundary of your team so that others from outside may not influence your team or resources from within your team will not be taken away from others.

  A simple example could be, let's say you are developing a new technology as a startup. You have patented a technology and you ensure that others may not take away or steal or take advantage of your information. Or let's say you have certain team members who are very qualified and good. People, other organizations may try to poach them, they may try to recruit them. You have to do certain things so that your boundaries of the team are strong, like information flow or source flow may not happen.

  So for survival of a team, both boundary spanning and boundary protection are important. You need boundary spanning because you need support, you need resources, you need information from outside. At the same time, if you keep your boundaries too open, things from inside can also be lost in over a period of time. So boundary is like a wall. So sometimes you need to have gates where there is movement in both directions.

  Sometimes you have to lock the door, lock the gate. So there are some people who will help to open the gate and help all these flow of information support etc. Some people will help in protecting the boundary or closing these gates so that loss may not happen for the team. So it's very important to understand when to get involved in boundary spanning and when to get involved in boundary protection. Another important concept in social network is homophily. Homophily means there is a tendency in a team or especially in a small group to join or to create networks only with people of similar

background or people of similar identity.

So it is like if you are a South Indian, you tend to recruit more South Indians in your organization. If you are an engineer of an elite institute, you have created a startup, you tend to interact or network only with those kind of people who belongs to let's say all these elite institutes. So in long run, it may not help the organization because especially when you are growing, you need to have diverse team, you need to span out to different stakeholders, not just limiting yourself to certain kind of stakeholders. So you have to be very careful when you network, you should ensure that you are not getting into this bias of networking only with people who are similar to you because your market is not only those people, your market is the larger. If you want to grow as an organization, you need to have diverse kind of networks.

Another way in which many of the startups tend to fail to master the art of growing is they fail to understand how to structure their startup when they grow and also they fail to understand what are their requirements when they are growing. So one way to understand organization structure and needs of a startup is looking at it through life stages. Like any organism, organizations also undergo different life stages. So organizations are like organisms, like living entities.

They have a birth, they also have at some point death. Organizations also die or they become some other organizations. They transform into some other organization because of mergers and acquisitions or take over and things like that. But most cases, they undergo certain stages in their life cycle like organisms. So the initial stage is called, there are many theories which explain life stages of organizations or startups. The first stage is courtship stage, which means the initial stage where the startup founder or group of founders, two, three friends, they will work with their idea.

They will try to, there will be something which they are very passionate about. Their idea is something which they are very passionate about. They will have a very, very motivating kind of a startup idea. And many of times it will be between two, three friends.

They will have this idea together. So when they have an idea together, two, three friends, even before the startup is formed, they have to carry forward with the idea. If there is doubt or if they are not confident about themselves or with the idea, they may drop the idea. It is like dating. Even before you get engaged in a relationship, there is dating like you try to understand each other.

You try to form a certain kind of a initial trust and link. Try to form a certain kind of

bonding. So here the bonding is between the startup founders or a founder and the idea. So creating the sense of trust, confidence with the idea is very, very important. Many a times that is where startups fail.

Even before they start, many startup, good startup ideas fail. The idea might be good, but there is no enough support system. There is no confidence within the team members. So it may fail.

The second stage is infancy stage. Infancy means that the startup is formed. Either you have registered it or you have taken some initiative to name the startup or there is some initial structure which emerges. It is like a baby bond. There is some identity for the baby. Like I mentioned earlier, especially in the initial stages, the baby requires or the startup requires a lot of resources both inside and from outside. So what have we discussed earlier about bringing that networks, getting the support, creating that culture, all those things are very important for this baby to grow.

So as a startup, it is very important for the founders to understand the importance of believing in their idea and nourishing their idea. Like a baby, like a child, they have to nourish. It requires a lot of resource, both in terms of commitment, in terms of time, money, in terms of support to nurture this new newfound organization, which is like a baby. So once the baby starts growing, the startup starts growing, let's say after two or three years, it is no longer a baby, it becomes a child.

So that is where there is something called founder's trap happens. So this is from baby stage, it becomes a, from a toddler, toddler means some, the stage where the child walks, a stage where the child starts moving. From toddler to let's say eight year old child. Now, the child has to be independent. You cannot, the parent cannot keep treating an eight year old child as an infant.

So you need to create that independence. You need to create a system where things start working on their own. You don't need to intervene on day to day activities. So this is a very important stage from infancy to the next stage. So what can happen at this stage is the founder or the founders, they tend to get overly attached to the, to the organization, to the startup.

They tend to take all the responsibilities on their head. They tend to micromanage because that is what worked one year ago, because that is a stage when the baby, the child, the startup is like a baby, an infant. An infant requires 24 x 7 attention, 24 x 7 seven focus and support, but an eight year old should start developing independence where the parent should let the child take some decisions on their own or let the child

take the risk, even though they fail, it's okay. I mean, an eight year old may not act as an adult or it cannot act as an adult, but from eight year old, when you start becoming independent, you will be successful when you grow up. So that requires the founders to have the mindset of delegating things to others, creating the second layer of leadership instead of they only do everything or micromanage.

  So this is called founder's trap.   The founder is not letting the startup become independent and grow or delegate things to others in the group or tend to micromanage. So this is what is called founder's trap. Like I said earlier, from two years to three years, the organization, the startup grows tremendously fast. So that is a stage when you, as leaders, you have to delegate or even create sub teams.

  You have to create structures. Till now when you are like 30 people, 50 people, you are one big group, but now you have to create departments. For every department, you need to create leadership. For every department, you have to convey their responsibilities, their rules, their structure and things like that. So that creates a sense of rigidity also. Like I mentioned earlier, when structures evolve that creates rigidity, but at the same time, it improves efficiency.

  Things happen on their own when you create structure. As a leader, you don't need to intervene. So but that happens when structure is created, there is some level of alienation happens. Alienation means earlier when you are like 30 people in a group, each one of them know each other. There is very coercive kind of environment. There is lot of give and take, there is lot of adjusting to difficulties and all those things happen.

  But when you grow like 50 or 100 employees, when structures are returned, rules are clearly mentioned, people tend to focus more on these rules than people. So what can happen is there is some level of rigidity or alienation in terms of friendship ties are lost. Or at least people feel that earlier if I want to take leave, I just have to tell my boss, now I have to write a leave, there is a rule in terms of applying for rule, conditions when I should take leave, when I should not take leave.

  So this is like rigidity. There is alienation. On the other hand, it is important to create those rules. Otherwise when you grow very big as an organization without rules, you cannot run a big organization. Without structure, you cannot run a big organization. So how will you maintain this cohesiveness, this informality or this friendly nature of the organization at the same time create structures. So that can happen when you create that vision of employee friendliness or customer friendliness or trust, helping each other as an organizational culture.

You create that culture through vision and values. When you recruit new people, you should ensure that the new employees align with the vision and values of the initial startup founders. Or what do you want, expect from your team, new team members should align with the larger founding values of the organization or of the startup. And creating a culture and group norms. When you write rules and structure, it is also important to create unwritten rules and culture.

Culture means shared meaning. How does it happen? Through recruitment, through informal interactions, through training programs, through rituals which you create, for example, having some events which facilitate certain culture in the organization. So all these mechanisms help maintain, create positive culture even though structures are formed and become elaborate. And also it is very important for the startup to understand and manage change. When you say understand change, as a startup you grow very fast.

In 10 years, let us say in 10 years you might become a big organization or a decent size organization. But 10 years is a short period of time compared to the age of the matured kind of an organization. Organizations can live for 50 years, 100 years. 10 is not very matured kind of an organization setup. But 10 is also a very important period because you are almost settled or you are almost stable as an organization. So what I am trying to say is when these changes happen, like I said earlier, two to three years, three to five years, five to ten years.

So these stages, in each of these stages there is something which you have to acquire or master as an organization. For example, after three years you have to be careful about the founder's trap, you have to delegate. After five years you need to focus on creating a culture which is going to stay for another 50 years, 100 years. After 10 years you need to create structures which are self-supportive, which will sustain itself in long run.

So at each stage you need to understand what is required from the stage and focus on that. And whatever helped earlier may not help now. So you need to understand not to cling to these behaviors or these patterns which helped you at one stage because at the other stage these behaviors and patterns or belief systems may not help you as an organization. So managing change involves understanding change, when you have to change and what you have to change and unlearn and relearn. So that requires a lot of maturity from the organization, leaders of the organization, the team, the larger system which people develop in the startup.

So it's not as easy as it seems to be. Like I said, transition between stages is very, very tough. So if an organization fails to make the transition from one stage to another, there is a chance that it will stagnate or fail in that stage. And also at every level you need to

understand you need to balance out structure and flexibility, which means you need to create structure at the same time you cannot become too rigid on the structure. They need to be cordial relationship, they need to be trust, they need to be companionship and friendship. So you cannot forego these soft elements of culture because you are creating structures.

So at the same time you cannot have too much of, you cannot run an organization only with friendship. So you need to have structure and formalization. So at every stage you have to be very careful and maintain this balance. And similarly delegation versus controls and other paradox, which means you need to delegate, you need to give power to others. At the same time you need to centralize certain decisions. So which of those decisions you will centralize when you grow as an organization, which are those decisions you will delegate is something which is very crucial, very context specific.

When organizations or leaders fail to understand that can lead to failure of the organization or the startup. So to sum up whatever I have said till now in startup teams, managing startup teams, it is very important to understand the role of leadership because leaders are very crucial in a startup because they are the founding leaders, they are the ones who have to communicate the vision, mission, create a culture of trust. Also at the same time create structure in the organization, delegate at the same time control. So they have to manage this paradox. And also these initial leaders, founding leaders, they have to also create followers. And these followers are very important because without followers, without people who follow, people who cannot, without having these people who can be trusted or not having these people who will listen to you, you cannot run an organization.

So understand as a founding leader of a startup, you need to create good followers and these followers will become leaders at some point. Only when you select good followers, these good followers will become better leaders in the long run. So if you see many of these successful organizations creating this leadership pipeline, we call it leadership pipeline, which means when you start an organization, you recruited few people who are very committed, who are very obedient or very loyal to the leadership and they have become leaders to carry forward the vision and the culture of the organization in long run. So in startups, you need to create leadership and also create followership.

And you have to also build a good culture. Building a good culture involves asking this why question, which means why did we start this organization? As a founding leader or the founding members of this organization, why did we start? It is not necessary for money. There is some idea which created the passion. There is some philosophy behind

why you started this, some belief system behind why you started this organization. So that philosophy or the idea should carry forward in the long run. So that requires building it into the culture, creating the social norm in the group, recruiting people who are aligned to it, training them to understand what is the belief system or the why question, the purpose of the organization it was started and help people take it forward to the next generations of the organization.

So when organizations grow big, they tend to fail to understand why the organization has been started. It becomes money oriented. It becomes purely profit oriented. You cannot run an organization purely driven by profit motive.

There are other motives. The purpose of starting an organization should be the key to run the business. So building the culture to sustain this purpose is very, very important. And also, like I said, managing the paradoxes. You need to delegate at the same time you need to control. You need to create structures at the same time you need to encourage flexibility.

You need to have systems in place at the same time you need to facilitate creativity in the group. So these are paradoxes and that creates a lot of uncertainty. So how do you manage these paradoxes? How do you manage this uncertainty is a major challenge. So that is the key for success of organizations which are eminent or which are excellent organizations. And also to help this happen at every stage you need to create mentorship.

People who can mentor leaders in the team, nurture this leadership culture and create leaders out of followers. So you need to mentor, have a culture of mentoring each other. You need to also have coaches. When I say coaches, people support each other to grow, help them grow. So more than managers, managers should play the role of coaches.

So their role is to help subordinates grow instead of controlling them. So mentoring, coaching are key to success of startup organizations. When startup organizations grow for first 10 years you need to have good mentors and managers who are playing the role of coaches. So only then, so this is the key to success of organizations which live for very long time who are very, very effective.

So I will stop here. I hope these concepts are useful to you and made sense. From this point there will be another instructor who will be taking forward in the other chapters, other topics. See you then in the next course.