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# How to Build a High-Performance Startup Team

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A strong business idea is not enough. Research identifies five team behaviors that help founders collaborate, solve problems and bring products to market more effectively.

Only a small fraction of entrepreneurial start-ups go on to achieve long-lasting success. Most often, they fail not because of flawed "big ideas" but because of problems *executing* the big ideas. One area that is often problematic for start-ups is how the start-up team functions. In fact, it is common for a team with a very viable business idea to self-destruct because they ignored or could not figure out how to work together as an effective business unit.

In this article, we introduce the notion of the High Performance Team (HPT) – the "Holy Grail" of effective teams – and discuss the valuable and significant outcomes they generate. Based on empirical findings from research conducted on dozens of product and service development teams, we describe those essential elements that typify an HPT; discuss whether the elements are relevant to entrepreneurial start-up teams; and, if so, how to incorporate and nurture them.

It turns out the news is good. Entrepreneurial start-up teams can and should strive to adopt the elements and the practices of a high-performing team; by doing so, they improve their chances for sustained success.

## Introduction

One benefit of being a university professor interested in innovation is that people often seek your advice on how to develop good ideas for new products and services into start-up companies. Over the last 20 years, I've had more than my fair share of young, bright entrepreneurial people approach me for this kind of help. I've also had the good fortune to be involved in a few business incubators and start-up accelerators, and have mentored many entrepreneurs as a result. I've seen some successes, but more often I see great efforts that lead to less-than-stellar commercial success.

In thinking back on this latter group, I often find that the underlying problem is not a half-baked idea, a sketchy business model or insufficient capital to proceed in business development. Instead, what I often see is a small group of highly motivated individuals who fail to work effectively together as a team, and it is this dysfunction that brings the business down.

As an academic researcher, I've studied dozens of teams across North America. Most of these teams helped develop technical solutions to business problems. My research has focused on understanding which team characteristics had the greatest impact on two key success measures: customer satisfaction with the team's performance, and the team members' personal perceptions of their performance and their satisfaction with being part of the team [1][2].

## High Performance Teams

Of the teams that I've studied, most would be classified as "average" in their ability to deliver quality products in a timely way. The next most common category would be classified as "below average" (and sometimes way below average). Only a small minority of the teams I've studied would be classified as "well above average." It's in this last category that we find what is commonly referred to as the high performance team [3].

High performance teams (or HPTs) are those rare groups that are characterized by a common purpose, a highly collaborative and cooperative identity, a set of complementary skills, a high sense of autonomy where the leadership often rotates among the team members, and an ability to deliver superior outcomes. Team

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members often report that working on such teams are among the most personally and professionally rewarding experiences they've encountered in their careers. Many say that once they've been on a high performing team, they would do whatever is necessary to remain on the team -- e.g., change their role on the team or even change the team's purpose. For example, I recall one member of a high performance systems development team exclaiming, "If my manager told me I had to sweep floors in order to stay on this team, I'd do it!"

In terms of the success metrics I used in my research, here is what I typically found when it came to HPTs:

- **HPTs were efficient** – For a given level of resources (money, effort, etc.), they were more productive than other teams.
- **HPTs were effective** – They delivered high-quality products and services that met their customers' wants and needs.
- **HPTs were timely** – They delivered their products and services more quickly.

Not surprisingly, these combined results lead to higher levels of customer satisfaction and even higher levels of job satisfaction among the team members. In other words, everyone is happy with HPTs.

## The Typical Entrepreneurial Start-Up Team

In contrast to HPTs, what I often see among entrepreneurial start-up teams is some variant of the following scenario: A bright, energetic, entrepreneurial individual has a great idea for a new business. While these individuals typically have the original vision for the product or service and how it will revolutionize the world, they often are lacking in at least a few of the following areas:

- **Attention to Detail**: Can they convert their vision into a sound business model canvas?
- **Financial Acumen**: Do they know how to secure sufficient funding to get the start-up off the ground?
- **Technical Capability**: Can they convert their vision into a working prototype?
- **Story Telling**: Can they effectively articulate their vision in such a way as to gain buy-in from potential investors, partners and customers?
- **Organizational Skills**: Can they orchestrate the symphony of people, tasks and financial resources necessary to launch an effective start-up?

While a slight generalization, entrepreneurs tend to be "lone rangers." If they could, they would try to do it all and remain in complete control of their start-up. However, these bright, energetic, entrepreneurial individuals are usually quick to realize that they need help, and typically seek out business partners to shore up weaknesses in their skill sets. However, given the constraints of time and funding, coupled with their aversion to relinquishing control, they tend to look for the bare minimum number of partners that are critical to bringing their vision to reality.

Consider the example of a bright, energetic entrepreneur, armed only with a good idea for a new software "app," who wants to start a company. He or she would typically look for a software person to do the coding and perhaps a financial person to secure funding. The entrepreneur's search for these partners would be based primarily on the most obvious skill sets needed: build the product and get money. Seldom do entrepreneurs take the time to do a complete "skills needed" inventory or figure out whether their potential partners will be effective teammates. Thus, it shouldn't come as much of a surprise that these quickly assembled "teams" of individuals often fail – not because the business idea was flawed or difficult to bring to market, but rather because the team failed to "gel" as an effective, collaborative unit.

If we could ensure that start-up teams behave more like HPTs, it could improve their chances for entrepreneurial success. Fortunately, we happen to know a little bit about the characteristics of most HPTs, and we also have a few prescriptive ideas on how to nurture these characteristics on teams.

## Applying the Elements of High Performance Teams to Start-Up Teams

Throughout my years researching teams, I've observed four interesting phenomena that are often common to HPTs:

1) They are cooperative, and figure out a way to work

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together effectively, where the sum of their efforts is greater than the constituent parts;

2) They are collaborative, and they work together to deliver some kind of work product, whether it be a tangible product or intangible service;

3) They are always learning, flexible and open to coming up with new ways of doing things; and closely related to that:

4) They are always improving [2].

As a doctoral student, while I was analyzing my research findings within the business context, I discovered the research of two brothers from the field of educational psychology [4]. Johnson and Johnson were conducting research on high-performing student teams in classrooms, and their observations and conclusions were similar to mine. The brothers Johnson identified five elements of high-performing student teams, which matched my own conclusions from studying teams of business professionals. This led me to distill my observations and research findings down to those five elements. My subsequent research findings were consistent with their findings, suggesting that these five elements were important for superior performance across a wide variety of contexts – from school classrooms all the way up to Fortune 100 high-tech companies. Given the nature of the entrepreneurial start-up environment, we have no doubt that these elements apply equally well.

To the extent that teams exhibit the following five behaviors, they will be higher performing. Those teams that exhibit more of the behaviors or higher levels of the behaviors will be higher performing than those that exhibit fewer of the behaviors or lower levels of the behaviors. What is especially exciting about these behaviors is that they can be nurtured, through purposeful actions by members of the team or those charged with managing the team.

The following tables provide descriptions of the five elements, along with simple prescriptions that can encourage the behavior. I have also added my perspective on whether each element is relevant for entrepreneurial start-up teams.

## Element #1: Positive interdependence

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| **What Is It?** | Members of a team depend on one another. Positive interdependence comes when each team member feels that he or she cannot be successful unless their teammates are successful. The Three Musketeers' "All for One, and One for All!" mantra captures the essence of positive interdependence. |
| **How Do We Make it Happen?** | In practice, setting goals or objectives based on overall team performance as opposed to just individual-level goals and objectives is one easy way to encourage positive interdependence. It also helps if rewards are based on team performance rather than just individual performance. |
| **Will It Apply to Start-Ups?** | Yes. Entrepreneurial teams are especially well-suited to engendering positive interdependence since it is typically very clear that the only way team members can be successful is for the start-up to succeed. |

## Element #2: Face-to-Face Promotive Interaction

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| **What Is It?** | As I alluded to earlier, team members bring different types of knowledge and expertise to the table. In face-to-face promotive interaction, the team takes inventory of the individual strengths and weaknesses possessed by the group and then proactively seeks to address the weaknesses by having the "resident experts" on the team teach those who are less strong. In essence, it is a simultaneous teaching and |

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| | learning culture where skills are instantly "cross-pollinated" throughout the team whenever necessary, to help the group achieve its goals. | | |
| | | **How Do We Make it Happen?** | Lay the groundwork for promotive interaction by acknowledging your team's experts in each subject area, and discussing the importance and need for others to be better versed in those areas. By encouraging a culture of, "I teach you what I'm good at; you teach me what you're good at," the team will be well on its way. In addition, you can improve promotive interaction by requiring that team members serve as back-up helpers for other members. |
| | | **Will It Apply to Start-Ups?** | Yes. In practice, it may seem counterproductive to take the time to do this kind of "I teach you; you teach me" stuff. However, to the extent that every team member has a better idea of what goes into the activities performed by their colleagues, they will be smarter in how they approach their own responsibilities. For example, a "finance" person who better understands the "software" person's design, coding and testing work will be better able to account for the time and resources required by their team members. |
| | | **Element #3: Social Skills** | |
| | | **What Is It?** | As with most areas in business, group members need at least a basic level |

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| | of social skills that enhance interaction and cooperation within the group. Of course these skills include effective interpersonal communication like speaking and listening, but also include skills in negotiating, managing conflict, giving (and receiving) feedback, problem solving and decision making. | | |
| | | **How Do We Make it Happen?** | Practice makes perfect, and all of us have room to improve our social skills. Scheduling group meetings (perhaps like the cross-training opportunities mentioned above) is one way to take a little time to work on social skills. Look for opportunities for practice these skills in order to improve on them. |
| | | **Will It Apply to Start-Ups?** | Yes. As in promotive interaction, it may be hard for a start-up team to realize the need to practice social skills. To that I would say that most start-up teams can't afford *not* to take the time to work on these skills. In fact, if the start-up team finds that is lacking in the important areas of communicating and listening, and giving and receiving feedback, they should find mentors to help them. |

## Element #4: Individual Accountability

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| **What Is It?** | We've all been on teams where some don't pull their own weight, and the "slackers" are content to let the others do their work for them. In academic circles, researchers refer to this common behavior as |

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| | "social loafing" or "free riding," and if it happens on a small start-up team, the results can be devastating. The remedy: a team environment where each group member feels personally responsible for the group's performance. (Remember: "All for one, and one for all.") | | | |
| | | | **How Do We Make it Happen?** | Assessing each team member's performance and sharing it with the team is one way to promote higher levels of accountability, since most of us would shudder at the idea of being outed as a "slacker." This "sharing out" also helps the group to identify weaknesses and opportunities for more promotive interaction. It also gives members the chance to practice the important social skills of giving and receiving feedback. Teams can also encourage individual accountability by structuring goals in a positively interdependent way. This helps group members to feel individually accountable to the team as well as for the team's work product. |
| | | | **Will It Apply to Start-Ups?** | Yes. Perhaps more than any other element, instilling a sense of accountability in all entrepreneurial team members is critical to ensuring ultimate team success. I have personally seen several start-up teams self-destruct because just one team member was not accountable to the team. This may be the least |

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| | comfortable element to focus on, but because of its importance, the entrepreneurial start-up team cannot overlook it. | | |

## Element #5: Group Process

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| **What Is It?** | Group process refers to the team periodically meeting to assess three things: those activities and tasks it has done well, those tasks it has not done well, and a follow-on group discussion about possible measures the group can take to remedy the identified weaknesses. This is also a great opportunity to discuss the individual accountability issues previously mentioned.<br><br>In essence, group process activities help teams improve on past performance by learning from their learning experiences. Academic literature calls this “double-loop learning,” and is the best kind of learning[5]. |
| **How Do We Make it Happen?** | Early on, start-up teams should take the time to schedule meetings specifically to discuss how they’re doing. These meetings should occur weekly at first. As the team matures, they will find that they can move to bi-weekly or even monthly meetings. Experienced HPTs often learn to schedule these kinds of meetings when needed, and are often on-the-fly, short discussions. |
| **Will It Apply to Start-Ups?** | Yes. HPTs never start out as HPTs; they evolve into them by learning and improving constantly. The |

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| | same goes for start-up teams. By scheduling structured group process meetings, entrepreneurial teams can increase the odds that they will someday grow into HPTs. | | |

## Concluding Thoughts

As you can see, it is quite possible to structure the entrepreneurial start-up environment to include these five essential HPT elements. This will take time and energy, but research suggests that teams, as viewed by themselves and their customers, will reap many benefits. They will be able to do more with less, improve their effectiveness, make better decisions, respond better to customer needs, and get their product to market faster[1][2]. In addition, team members will feel more satisfied and motivated, and their individual performance will improve [4].

These are not insignificant benefits. It is worth the start-up team's time and energy to give these ideas a try. It may help convert that big idea to real-world success.

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**Additional Search Terms:** Management, managing people, inspiring people, building a team, picking the right co-founders, hiring the right people

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