Self-Managed Teams

Self-managed teams are empowered to take corrective action and resolve day-to-day problems; they also have direct access to information that allows them to plan, control, and improve their operations. In short, employees in SMTs manage themselves.[1] SMTs offer a way to put the concepts of job enrichment and job enlargement into active operation.

The SMT concept was developed in Britain and Sweden in the 1950s. One of the early companies to adopt it was Volvo, the Swedish auto manufacturer. Pioneering efforts in SMT development were made by Procter & Gamble in 1962 and by General Motors in 1975. These U.S. developments were concurrent with the Japanese quality team developments which, in many cases, cannot be classified as true SMTs because of their limited autonomy. SMTs began to gain popularity in the United States in the late 1980s and are currently used in many industries, including food processing, auto-related businesses, petrochemicals, glassmaking, and other miscellaneous industries.[2] In 1994 3M Corporation designed and built a new facility in Canada entirely based on the SMT concept.

Characteristics of Self-Managed Teams

SMTs have the following characteristics:

- They are empowered to share various management and leadership functions.
- They plan, control, and improve their own work processes.
- They set their own goals and inspect their own work.
- They often create their own schedules and review their performance as a group.
- They may prepare their own budgets and coordinate their work with other departments.
- They usually order materials, keep inventories, and deal with suppliers.
- They frequently are responsible for acquiring any new training they might need.
- They may hire their own replacements or assume responsibility for disciplining their own members.
- They take responsibility for the quality of their products and services.[3]

A good example of an SMT in action is found at AT&T Credit Corporation.[4] In most financial companies, the jobs in the back offices consist of processing applications, claims, and

customer accounts—tasks that are similar to manufacturing assembly lines: dull and repetitive. The division of labor into small tasks and the organization of work by function are characteristic of many service organizations. At AT&T Credit Corporation, for example, which was established in 1985 to provide financing for customers who lease equipment, one department handled applications and checked the customer's credit standing, a second drew up contracts, and a third collected payments. No one person had responsibility for providing full service to a customer. Recognizing these drawbacks, the company president decided to hire his own employees and give them ownership of the process and accountability for it. Although his first concern was to increase efficiency, his approach had the additional benefit of providing more rewarding jobs. In 1986 the company set up 11 teams of 10 to 15 newly hired workers in a high-volume division serving small businesses. The three major lease-processing functions were combined in each team. The company also divided its national staff of field agents into seven regions and assigned two or three teams to handle business from each one. In this way, the same teams always worked with the same sales staff, establishing a personal relationship with both them and their customers. Above all, team members took responsibility for solving customers' problems. Their slogan became, "Whoever gets the call owns the problem." Members make most decisions on how to deal with customers, schedule their own time off, reassign work when people are absent, and interview prospective new employees. The teams process up to 800 lease applications daily versus half that amount under the old system, and they have reduced the time for final credit approvals from several days to 24 to 48 hours.

SMTs have many benefits. They facilitate continuous improvement, provide greater flexibility and faster response, offer employees a higher level of involvement and job satisfaction, increase organizational commitment, and help to attract and retain the best people. They have also achieved many positive results. Experts estimate that SMTs are 30 to 50 percent more productive than conventional teams. FedEx, for instance, reduced service errors by 13 percent; one 3M facility increased production by 300 percent; in a Mercedes-Benz plant, defects were reduced by 50 percent. A study of 22 manufacturing plants using SMTs found that more than half of them made improvements in quality and productivity, removed at least one layer of management or supervision, and decreased their levels of grievances, absenteeism, and turnover.[5]

Transitioning to SMTs

Many organizations progress from simple quality circles to more complex SMTs. A process for moving from quality circle-type teams to SMTs involves:[6]

1. *Creating a work unit responsible for an entire task.* This step requires defining a whole work unit based on identifying a customer, establishing a means of contact between the team and customer, and establishing the standard for the product or service.
2. *Establishing specific measures of the work unit's output*. These include defining standards for outputs in terms of quality, quantity, cost, and timeliness, together with accountability and a feedback system.
3. *Designing multiskilled jobs*. A systematic study of workflow functions and variances is followed by redesign of the jobs to enhance the development of multiple skills.
4. *Creating internal management and coordination tasks*. The coordination of the work team's tasks, typically handled by managers in a conventional organization, is handled by the team and covers items such as scheduling, task assignments, hiring of new members, and cross-functional training, which must be addressed by designers as well as by the team itself.
5. *Creating boundary management tasks*. Processes and procedures must be established to coordinate with managers, other departments, suppliers, and customers outside the group.
6. *Establishing access to information*. The group defines the information needed and the design of the processes, hardware, and software necessary to obtain direct, accurate, and timely performance-related feedback and information.
7. *Establishing support systems*. The work team must consider how the teams are to be supported, which involves the "hows" of training, career progression (based on skills developed and used), team interfacing with management, and payments and rewards.

A study conducted by Development Dimensions International, the Association for Quality and Participation, and *Industry Week* identified four key factors associated with successful SMTs.[7] First, the longer teams have been in place, the more positive are the reported results. This observation suggests that higher benefits occur with time, and that companies need to be patient. Second, a direct positive correlation could be made between the extent of job rotation and the reported results, which suggests that teams with a more complete understanding of their processes and business have a greater impact on quality and productivity. Third, the effective

leadership of supervisors and group leaders in providing direction, resources, and business information; coaching teams; and recognizing contributions led to increased member satisfaction, quality, and productivity. Finally, teams that had responsibility for both production and personnel tasks reported the most positive results. These factors provide important guidelines for organizations that plan on using SMTs.

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[1] Ron Williams, "Self-Directed Work Teams: A Competitive Advantage," *Quality Digest*, November 1995, 50–55

[2] Peter Lazes and Marty Falkenberg, "Workgroups in America Today," *The Journal for Quality and Participation* 14, no. 3 (June 1991), 58–69.

[3] Richard S. Wellins, William C. Byham, and Jeanne M. Wilson, *Empowered Teams* (San Francisco: Jossey-Bass, 1991).

[4] Adapted from "Benefits for the Back Office, Too," *Business Week*, 10 July, 1989, 59.

[5] Lazes and Falkenberg, see note 51.

[6] J. Michael Donovan, "Self-Managing Work Teams: Extending the Quality Circle Concept," *Quality Circles Journal* (now *The Journal for Quality and Participation*) 9, no. 3, (March 1986), 15–20.

[7] Richard S. Wellins, Jeanne Wilson, Amy J. Katz, Patricia Laughlin, Charles R. Day, Jr., and Doreen Price, *Self Directed Teams: A Study of Current Practice* (Cincinnati: AQP, 1990).