

Understanding the Specific Challenges that Virtual Teams Face Is Critical to Enhancing Their Performance

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As part of our research in 2004, we administered an online survey, the *Virtual Team Performance Inventory*, to virtual team members and leaders from 21 teams in 10 companies. The survey assessed the strengths and performance challenges that these teams faced. In addition, we conducted in-depth interviews and focus groups, as well as collected team performance data.

Sixty-six percent of participants agreed that the performance of virtual teamwork is “important or very important” to the fundamental success of their business. Yet, while numerous organizations have made significant investments in technology and virtual teams, many are not cognizant that the performance of these teams may not be fully optimized. As such, it is important for organizations to better assess the performance of these teams and proactively take steps to address any issues.

Key Findings

1. *Pay attention to people issues.* Companies must compensate for the lack of human contact, and find appropriate ways to support team spirit, trust, and productivity. For example, to help increase engagement and social interaction, some organizations have created “virtual water coolers” and team websites to encourage team communication.
2. *Virtual teams may require special leadership.* Leadership was the most important factor to virtual team success. However, the competencies required for effective virtual team leadership may be different than those for traditional face-to-face leadership. For instance, effective virtual team leaders were particularly sensitive to interpersonal, communication, and cultural factors. Finally, we found that a rotational approach to leadership could enhance virtual team performance by refreshing the approach to team tasks and energizing the team.

3. *No trust, no team.* Trust is a top factor in determining virtual team success. But interpersonal trust, compared to task-level trust (a belief that team members will do their job), is more difficult to achieve in a virtual setting.
4. *Team building pays off.* Virtual teams that invest time in team building perform better than those that do not, as they scored significantly higher on dimensions of team effectiveness, including leadership, decision making, and team performance. Yet, 65% of virtual team members in our study claimed that they had never participated in an effective team building session.
5. *Performance peaks.* Team performance tends to drop off after one year, as virtual teams that had been together for less than a year were more productive and performed better than teams that had been in existence for 1-3 years. Yet, given that 54% of respondents had already been working together for at least 1 year and 77% expect their teams to last longer than another 12 months, organizations should periodically monitor team performance. This is especially important for teams who will work together over a significant period of time.
6. *The medium matters.* Technology makes virtual teaming possible, but isn't a perfect substitute for human interaction. Teams must be careful to match the appropriate technology to the task. Also, the number of media employed by virtual teams does not necessarily guarantee good performance, as teams that performed poorly may be overcompensating by trying a wide range of technologies.
7. *Face time counts.* While meeting in person requires time and expense, virtual teams that met once or twice a year performed better overall than those that did not. Specifically, they scored higher on effective team leadership, managing cultural differences, and creative ideas and approaches.

Virtual teams need to compensate for the inherent lack of human contact in virtual teaming and find ways to enhance trust, engagement, and productivity.

Recommendations

To help mitigate these performance challenges, virtual teams should consider the following guidelines:

Team Process, Communication & Technology

- If possible, new teams should have an initial face-to-face meeting. If this is not feasible, ensure that the team spends time getting to know one another early on, as well as have a face-to-face meeting in the future.
- Create a team charter to enhance commitment and accountability.
- Develop operating guidelines to help structure team communication and coordination.
- Clearly define team member roles and responsibilities, and revisit these regularly.
- Focus on BOTH the task and the interpersonal or social processes in virtual teams.
- Determine the best decision making practices for your team.
- Match the technology to the task.
- Ensure that virtual team members are comfortable giving feedback virtually; teach and model good communication and conflict management skills. Team leaders should encourage participation and reinforce an environment of constructive debate.
- Ensure that new team members are trained on team and technology processes.

Organizational Support, Engagement & Recognition

- Acknowledge and respect various cultural differences (e.g., communication or recognition norms).
- Focus on moving from task-based trust to interpersonal trust by communicating openly and honestly, leading by example, employing consistent team interactions, and being accessible and responsive.
- There is a need for organizational support and resources. Some companies rely heavily on virtual teams but then fail to periodically check in with team leaders and team members who may begin to feel isolated and often report a lack of support.
- Create a shared space for informal team communication.
- Consider rotating team leadership to empower other team members and enhance performance, particularly since many teams reach a “performance peak” over time.
- Consider using virtual or online recognition (e.g., success sharing) and reward practices to boost team spirit.