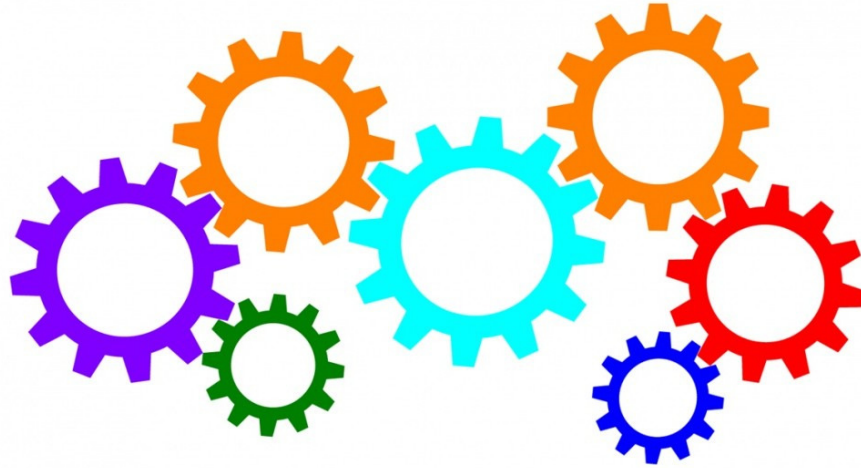


How to Keep Diverse Teams Smarter



‘Challenge your brain to overcome its stale ways of thinking and sharpen its performance’. The 2016 HBR article ‘Why Diverse Teams are Smarter’, seeks to substantiate how working in a team with people different from you can make this happen.

What are the advantages of teams of varying diversity? What can get in the way? How can you create and maintain conditions for success?

What’s the research?

1. Diverse teams challenge bias and increase innovation

Ethnically diverse teams are more likely to become aware of their biases ‘re-examine facts and remain objective’ (Rock and Halvorson, HBR). Teams with greater gender diversity are more likely to introduce radical innovations while culturally diverse leadership teams are more likely to develop new products. In short, ‘enriching your employee pool with representatives of different genders, races and nationalities is key for boosting your company’s joint intellectual property.’

2. Companies with a woman on the board exhibit higher return on equity, lower leverage, and higher valuations

In 2012, Credit Suisse Research Institute showed that large-cap companies with ‘at least one woman on the board’ outperformed their peer group companies with all-male boards by 26% over six years – especially post-2008, with higher return on equity, lower leverage, higher valuations and better average growth. This is hardly gender equality so imagine how boards with more than ‘at least one woman’ could perform.

3. Racial and ethnic diversity in senior teams raises financial returns

McKinsey’s 2015 ‘Diversity Matters’ report underlines that diversity makes good business sense. Based on 366 public companies in various territories, it includes hard metrics: for every 10% increase in racial and ethnic diversity in senior-executive teams in the US, for example, EBIT rises 0.8%, while bottom quartile companies for gender, ethnicity and race everywhere are statistically lagging in achieving above-average financial returns. ‘Diverse companies,’ they conclude, ‘are better able to win

top talent... improve customer orientation, employee satisfaction and decision-making, and all that leads to a virtuous cycle of increasing returns'.

4. Diverse teams of all kinds bring business benefits

McKinsey assert that diversity 'in age, sexual orientation, and experience (such as a global mind-set and cultural fluency) are... likely to bring some level of competitive advantage'. A study by Katherine Phillips at Northwestern University showed that simply introducing a 'newcomer' to established teams may reduce comfort and confidence in decision-making but increases the accuracy of joint decisions through more careful processing of information.

However you define it, **greater team diversity can bring wider perspectives, higher innovation, and a greater capacity for problem-solving.** However, in our work with diverse teams we find that terms and conditions apply.

What can get in the way?

More diverse companies that commit to diverse leadership are likely to be more successful but you can't stop with the board or the senior leadership team, you must develop diversity and talent all the way up and down the organisation.

And, critically, you need to develop practical conditions for success. In a recent doctoral thesis, researcher F.A. Flores lays out the difficulties that tend to arise in diverse groups: stress, mistrust, stereotyping, language, and communication difficulties.

'Diversity' says Flores 'hinders team member understanding of each other, and forces resolution of misinterpretations before a team is truly able to innovate'.

So how do you keep diverse teams smarter?

Clearly, no two teams are the same in their mix of diversity, but we have found several approaches useful. The key work is to **build trust and common purpose, enable high quality thinking and create a team which can have courageous conversations safely.**

Take time to agree a team contract.

An often-cited example is the US Marine Corps, which created a five-point 'team contract' in the 1990s that proved unifying for its diverse workforce. The contract created by your team needs to:

- recognize the varieties of diversity in the team and spell out what people need to succeed
- make sure that it is safe for people to ask each other for help and to take time to understand each other so the team can use its differences to create strength
- agree that team members will include each other not only in formal work settings but at coffee breaks, lunches, and informal gatherings.
- agree how the team will hold itself accountable for these behaviours.

Add ways to build high quality thinking and creativity:

In team meetings, try out processes that harness diversity and stimulate creativity: DeBono's 'Thinking Hats', for example, stimulates team members to be creative and provocative. Patrick Lencioni suggests the team appoint a 'Miner of Conflict' who has the right to call the team to have conversations they are avoiding. I've seen this revolutionise the contribution of new, under-represented and culturally diverse team members.

Embed a common vocabulary of non-judgmental feedback. I find the classic three steps of 'I observe...' (objective data), 'The impact on me...' (subjective response'), 'And I suggest...' (behavioural suggestion) if used well, creates openness and trust. It's essential that everyone has the right to give feedback – including to the team leader – and that the person who receives it can explore and clarify further.

Explicitly explore cultural traditions and stereotypes. Give team members time to tell the stories of their background and the meaning they make of them. I have also found showing Hofstede's Cultural Dimensions and particularly his [Country Comparison](#) of national and organizational culture opens great discussions in teams with different national cultures.

Create a sufficiently harmonious workplace for multi-cultural teams:

Research by Harvard Professor Roy Chua indicates this is necessary for such teams to bring their benefits to organizations. Otherwise, rifts can cause even team members outside the conflict to produce work of lesser quality. Chua and colleagues suggest that team leaders:

- encourage team members to identify their own assumptions of other cultures, for example, by keeping a journal.
- create cultural 'awareness moments' through site visits between employees working in different environments.
- have team members work side by side and observe how cultural differences can influence work habits.

This can combat stereotyping and enhance communication: it also means ensuring support and development for the team leader to build the team.

Whatever the diversity of your team, wherever they are in the organization, we believe that leaders need to take active and strategic measures like these to keep their diverse teams motivated, effective and smarter.

If this article has stimulated your thinking, we would love to hear your comments and ideas. If you enjoyed this post, please share it.

Richard Spence

For more fresh thinking, resources and practical tools visit <https://eye2eyedev.com/resources/>

References:

Here is a selection of a few of the articles and books we drew on (and do email us if you want more): <https://hbr.org/2016/11/why-diverse-teams-are-smarter>



EYE 2 EYE DEVELOPMENT

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'Making the Matrix Work', Kevan Hall

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