

# Best Practices for Effective Virtual Teams

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## INTRODUCTION

The use of teams as fundamental building blocks in organizations is growing (Furst, Blackburn & Rosen, 1999), as is the frequency of teams to be distributed geographically (which we call virtual teams). Virtual teams are now being used by many organizations to enhance the productivity of their employees and to reach a diversity of skills and resources (Majchrzak, Malhotra, Stamps & Lipnack, 2004). Virtual teams are groups of individuals who work on interdependent tasks, who share responsibility for outcomes, and who work together from different locations. While the use of virtual teams is more common in today's organization, the practices that make virtual teams most effective are not fully understood and challenges remain (Markus, 2004).

Virtual team best practices are identified below from three perspectives: organizational best practices, team leadership best practices, and team member best practices. Ideas for best practices were identified from three sources: six case studies of actual virtual teams (Staples, Wong & Cameron, 2004); the existing literature on virtual teams; and the existing literature on traditional (i.e., collocated) teams and telecommuting (i.e., research on virtual work at the individual level).

## ORGANIZATIONAL BEST PRACTICES

There are six best practices that the organizations that have virtual teams should follow. Table 1 contains a list of these practices, each of which is explained next.

### Carefully Select Team Members for Diversity

The importance of creating teams with the appropriate diverse mix of skills and individual traits was identified in the case studies and has been identified in the traditional team literature (e.g., Bettenhausen, 1991; Cohen, 1994).

The distributed nature of virtual teams allows a diversity of backgrounds, experiences, ideas, thoughts, abilities, and perspectives to be assembled within a single team. Organizations forming virtual teams should take advantage of this, selecting team members with diverse backgrounds and skills. Working on a diverse team can also be more rewarding, interesting, and fun, as team members get the opportunity to learn about new cultures and interact with people beyond their own work location.

### Supply Sufficient Resources and Support

Organizations have to supply virtual teams with sufficient resources, including such things as financial resources, time, facilities, hardware, software, communication channels, technical equipment, and proper training. The traditional team literature suggests that team building activities and training members how to work in teams is important because they ensure that employees develop the knowledge required to contribute to organizational performance (Cohen, 1994). In virtual teams where it is especially difficult for team members to get to know one another, organizations may need to provide extra resources for extensive team building exercises. Since virtual teams often need to communicate electronically, appropriate information technology (IT) equipment, training on how to use IT and communication systems, and constant technical support are also important to virtual teams (Duarte & Snyder, 2001; Fisher & Fisher, 2001; O'Hara-Devereaux & Johansen, 1994; Pinsonneault & Boisvert, 2001; Staples et al., 2004).

### Develop Human Resource Policies that Stimulate High Virtual Team Performance

Policies must be designed in such a way that virtual team members are recognized, supported, and rewarded for their work (Duarte & Snyder, 2001). Providing team-based

Table 1. Organizational best practices for effective virtual teams

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- Carefully select team members for diversity
  - Supply sufficient resources and support to the team
  - Develop human resource policies that reward team efforts and stimulate virtual team performance
  - Provide appropriate autonomy to the team
  - Use standard process and procedures
  - Develop an organizational culture that stimulates the sharing of information
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rewards to team members can increase team cohesiveness, motivation, and effectiveness (e.g., Cohen, Ledford & Spreitzer, 1996; Lawler, 1986, 1992). Since virtual team members are not seen every day in a central office, it is also possible that they may be overlooked for promotional opportunities (Duarte & Snyder, 2001). Therefore, special career development opportunities should be created for virtual team members so that this “out of sight, out of mind” phenomenon does not occur (Pinsonneault & Boisvert, 2001).

### Provide Appropriate Autonomy to the Team

Consistent with traditional team research (Cohen & Bailey, 1997), virtual team members interviewed in the case studies reported that little involvement from senior management was usually preferred over hands-on management, as long as the organization still provided the funds and resources necessary. Worker autonomy is shown to have clear benefits such as enhanced worker attitudes and performance. Organizations should give team members the power to take action and make decisions while still providing the team with the information it needs to make sound business decisions (Cohen, 1994). Organizations should provide information on processes, quality, customer feedback, business results, competitor performance, and organizational changes.

### Use Standard Processes and Procedures

The use of standard processes and procedures can reduce the time needed for team start-up and may eliminate the need for unnecessary reinvention of operating practices every time a new team is needed (Duarte & Snyder, 2001). For virtual teams that rarely meet face to face, standard communication procedures and policies are extremely important (Duarte & Snyder, 2001; Fisher & Fisher, 2001; Grenier & Metes, 1995). A good face-to-face start-up can allow team members to develop communication norms and agreements on how members are going to work together.

### Develop an Organizational Culture that Stimulates the Sharing of Information

The organizational culture plays a large role in determining how well a virtual team functions within the organization since it influences how individuals in an organization behave. Therefore, organizations should work to build norms and values that promote communication and the sharing of information. The traditional team research also identified the importance of having a supportive culture. Therefore, organizations should create a cooperative work environment where norms are established that reinforce and support team behaviors such as sharing information, responding appropriately to team members, and cooperating (Bettenhausen, 1991). This has been found to be critical for effective team performance (Tjosvold, 1988).

## TEAM LEADERSHIP BEST PRACTICES

There are six best practices relating to the leadership and management of the virtual team. Table 2 contains a list of all six team leadership practices, each of which is explained next.

### Set Goals and Establish Direction

The virtual team literature strongly suggests that effective leaders understand the importance of defining a vision for the virtual team (Fisher & Fisher, 2001; Grenier & Metes, 1995; Lipnack & Stamps, 1997; O’Hara-Devereaux & Johansen, 1994). According to Lipnack and Stamps (1997), a predictor of virtual team success is the clarity of its purpose and vision. To succeed, teams must turn their purpose and vision into action by assigning roles and responsibilities (Fisher & Fisher, 2001; Grenier & Metes, 1995; O’Hara-Devereaux & Johansen, 1994; Pinsonneault & Boisvert, 2001) and setting goals (Lipnack & Stamps, 1997).

In the virtual team case studies, 64% of team members recognized this need to carefully set realistic, clear goals

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