Chapter 11

Industry Perspective—Collaborating from a Distance: Success Factors of Top-Performing Virtual Teams

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ABSTRACT

Rising travel costs, coupled with the global dispersion of talent, are two of the reasons that organizations have migrated toward virtual teamwork. While numerous organizations have made significant investments in virtual teams and the technology to support them, a surprising number of virtual teams are not reaching their full potential. A new study conducted by OnPoint surveyed 48 virtual teams across industries and found that there are specific practices that are the key ingredients for optimal virtual team performance. If organizations want to maximize their return on investment, they should ensure that these core practices are in place and continually assess the performance of their virtual teams against these factors over time.

A lot of organizations create virtual teams with almost no understanding of the unique implications of that decision. Margaret A. Neale, Professor, Stanford Graduate School of Business

INTRODUCTION

Rising travel costs, global dispersion of talent, and advances in technology are some of the reasons organizations have migrated toward virtual teams whose members must collaborate from a distance. While numerous organizations have made significant investments in virtual teams (sometimes
referred to as geographically dispersed teams) and the technology to support them, a surprising number of these teams are not reaching their full potential.

While there are numerous books and articles about best practices in virtual teamwork, many are not research-based and there are opportunities to further develop targeted recommendations for virtual teams. To address this problem, a new study conducted by OnPoint surveyed 48 virtual teams across industries to identify specific practices associated with the most successful virtual teams. The focus of this study was not to compare face-to-face teams with virtual teams but to understand what factors differentiate high-performing virtual teams so companies can implement high-impact strategies to make virtual teams more productive.

This report highlights the factors that are associated with increased virtual team effectiveness by focusing on the success profile of virtual teams, the key differentiators of virtual team performance, and performance enhancers that teams might leverage.

**Study Methodology**

For the purposes of this research we defined a virtual team as one that has between three and 35 members who are geographically dispersed (i.e., at least 1/3 of team members work in different locations) but have to collaborate with one another to achieve results.

Forty-eight virtual teams from 16 organizations spanning a variety of industries participated in the study. The following companies participated in the study and are included in the findings:

- American Heart Association
- Barclays Global Investors
- Deloitte
- HSBC
- Kraft
- Merck
- New York Life
- Oppenheimer Funds
- Saint-Gobain
- Schering-Plough
- State Street Investments
- Source Refrigeration
- Sun Microsystems
- TTC Group
- Vail Resorts
- Verizon Wireless

The primary method of data collection was a virtual team inventory that was administered to 427 team members and leaders between May and August 2008. In addition, third party data were collected from 99 key stakeholders (individuals who are very familiar with the teams such as internal customers or the team leader’s manager) to objectively assess team performance. Finally, we conducted 45 telephone interviews with team members and team leaders to better understand their experiences and challenges.

The online virtual team inventory assessed six dimensions of virtual team performance, including: Results, Communication, Team Motivation, Interpersonal Relationships, Collaboration, and Purpose & Roles. The overall reliability of the virtual team inventory was very high ($\alpha = .95$). The team performance assessment, completed by stakeholders, contained selected items from the team assessment primarily focused on outcomes, including an overall assessment of team and leader effectiveness.

**Team Demographics**

Team size and tenure varied:

- The majority of teams (52%) had six to 12 members. One quarter of teams had 13 to 20 members, suggesting that team size was relatively large overall.
- Just under half of those studied had been working together for one to three years,
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