Competition v Collaboration: How leadership teams can find the right balance

Assembling an effective leadership team can feel like an exercise in managing paradoxes. To be deemed suitable for the leadership team, individuals need to be ambitious, highly confident, and strong individual performers.

Temps de lecture : minute

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To optimise the performance of the function or business they lead, they also need to be fiercely competitive. But as they climb the corporate ladder, their stake in the company's overall performance gradually takes precedence. Once they've reached the leadership team their specific portfolios often take the backseat, and the organisation's collective performance becomes first priority. Often, the two responsibilities of a leadership team member, and the principles of competition and collaboration that they imply, are in direct conflict. An action that favorus a leader’s unit might inadvertently hamper the performance of other units or even the entire organisation. Conversely, a decision optimal for the organisation could have adverse effects on the leader's unit. It is this tension that forces CEOs and executives to ponder a critical question: how can they strike a balance between the principles of competition and collaboration in their leadership approach?

A Spectrum of approaches to resolving the

tension

Our extensive research, including over 100 CEOs and executives, uncovers a broad range of strategies employed to mitigate this tension. Some leadership teams are built around intense competition while others champion collaboration. There are also those that seek to marry the two. Take, for instance, Jan Jenisch, CEO of the global building materials titan, Holcim. Jenisch created a “Team of Stars” endorsing individual responsibility and even fostering competition among executives. On the other end of the spectrum, Juhani Hintikka, CEO of Withsecure, a Finnish cybersecurity firm, has moulded a team focused on collaboration and joint problem solving. Laurent Freixe, Executive Vice President and CEO of Latin America for Nestlé, prefers a balanced approach emphasising both competition and collaboration in building his team.

Choosing the right approach: A strategic decision

Our research suggests that each approach can lead to success, however only if aligned with the company’s strategy and operating model. What works in a focused technology company like Withsecure, will not work in a decentralised firm like Holcim or a diversified firm like Nestlé. When deciding on how to balance competition and collaboration in the leadership team, the degree of diversification and the interdependence among businesses play a vital role. The degree of diversification and the interdependence among businesses largely drive the choice of the leadership team structure. They dictate whether leadership teams should be structured for independence or for interdependence.

Matching leadership models to company

types

Based on our research, we distinguish between three types of companies each requiring a unique leadership team approach: Diversified companies, integrated multi-business companies, and single or dominant business companies.

Diversified companies. These are entities with multiple businesses operating in distinct technologies, customers, or markets. Think Tata Group, Sumitomo Group, and Holcim. Given the significant differences across these businesses, synergies are often minimal and tied to non-business-specific functions like HR, finance, or procurement. Success in the different businesses or geographies requires a high degree of freedom in designing and implementing distinct strategies, dedicated resources, agility, and the freedom to adapt to the requirements of the specific market. For such companies, a leadership team approach emphasising individual decision authority and fostering independence and competition among businesses is ideal.

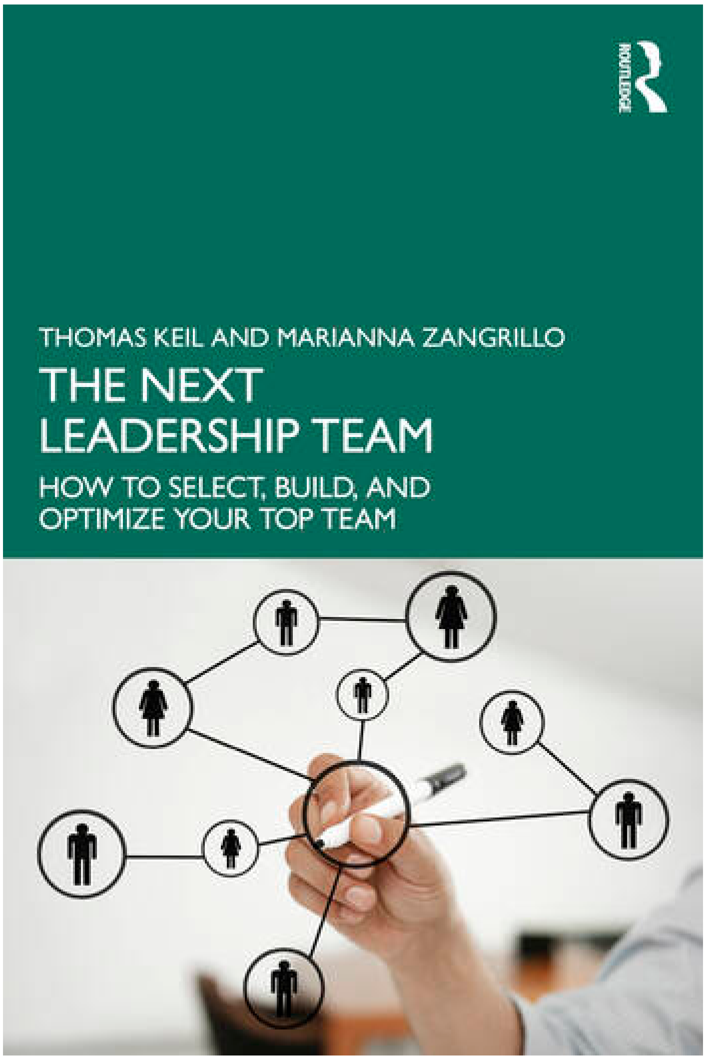
Integrated Multi-Business Companies. These companies house multiple distinct businesses but share technologies, customers, or markets that create interdependencies and corporate-wide synergies. Companies such as Unilever, Procter & Gamble, and KAO fall into this category. Managing these interdependencies and exploiting these synergies require greater coordination compared to diversified companies. Driving performance in integrated multi-business companies requires carefully balancing cooperation to achieve companywide synergies and economies of scale, while at the same time maintaining intense market focus and agility. The leadership team approach for such companies therefore needs to reflect a balance between competition and collaboration.

Single or Dominant Business Companies. This category includes companies like Uber, Airbnb, and Tesla, focusing predominantly on one business line. Success arises from alignment and coordination across functions and geographies. These organisations require a leadership team approach that leans heavily towards collaboration to achieve the needed level of integration.

Choosing an approach: More than just strategy

While the company strategy and operating model are crucial to the choice of how to balance competition and collaboration, they are not the only consideration. Specific circumstances such as a turnaround situation or distinct leadership mandates can significantly influence the choice and implementation of leadership approaches. And we should not forget, senior leaders often have strong personal preferences that may influence their choice of the leadership team approach. However, when these preferences supersede a rational selection based on the company’s structure and strategy, success tends to remain elusive.

Thomas Keil and Marianna Zangrillo are partners at The Next Advisors and co-authors of new book: *The Next Leadership Team: How to Select, Build, and Optimize Your Top Team* published by Routledge.



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