

Upgrade Your Management: 5 Steps to Establishing Effective Leadership Teams

6 min read



Key Takeaways

- **Leadership Team Structure:** Establishing a proper structure and function of the leadership team is essential to having a positive and effective impact on the business's success.
- **Choose the Right People:** Deciding which people to appoint to leadership positions in your business are some of the most important decisions you will make for your company because choosing the wrong individuals could have serious consequences.
- **Identify Business Phase and Set Goals Accordingly:** Each growth phase is marked by five stages, and different management focuses correlate with each stage.

In addition to making data-driven decisions on behalf of your business, the purpose of the executive team is to come together to establish common goals, connect each silo of the business, foster communication, and collaboration, and drive engagement at every level of the company.

A poorly performing leadership team can result in lost productivity, departments moving in different directions, and a lack of clearly defined goals.

If your leadership team isn't unified, then your organization won't be unified either. Lacking a unified vision will slow down innovation, productivity, and achievement and limit your profit-earning potential, as you try to grow and lead your business.

Senior Leadership Team Structure

The structure of your leadership team will vary from business to business and can grow as your company grows, too. At first, it might just be you, but as your business expands, you'll need to bring on additional support at the executive or senior level.

Read More: [Maximize Your Business Profit With High-Performing Teams](#)

Leadership Team Positions

Senior leadership positions include (but aren't limited to):

- **CEO** (Chief Executive Officer)
- **COO** (Chief Operating Officer)
- **CFO** (Chief Financial Officer)
- **CMO** (Chief Marketing Officer)
- **CTO** (Chief Technology Office)

Not every organization requires that all of these positions be filled by a full-time, executive-level employee.

For example, it might make sense for you to outsource your marketing, technology, and/or financial management to an outsourced expert – rather than hiring in-house for these positions.

Additionally, you might assume the position of CEO. However, not every business owner becomes CEO of their own company, depending on their individual skill set and the roles and responsibilities which each leader is best suited to fill.

Leadership Team Structure

When it comes to structuring your leadership team, what really counts are not the titles that each person assumes, but rather the team's purpose, roles, and the rhythm with which it operates and manages itself and the business as a whole.

Establishing a proper structure and function of the leadership team is essential to having a positive and effective impact on the business's success.

A strong team structure with well-defined goals and roles can cultivate a better workplace culture while fostering creativity, innovation, and collaboration across the company and facilitating data-driven decision-making.

A leadership team that has been poorly designed results in wasted time, missed opportunities, extremely siloed departments, duplicated or contradictory processes and procedures, a distinct lack of communication, and a lack of direction within the organization as a whole.

Read More: [How Productive Business Leaders Spend Their Time](#)

When creating your leadership team, it's essential that you carefully consider each individual member, their personalities and leadership styles, the roles and responsibilities they will assume, and the processes for how you will all come together to work toward a common vision for the business.

Building an Effective Leadership Team in 5 Steps

1. Choose the Right People

Deciding which people to appoint to leadership positions in your business are some of the most important decisions you will make for your company because choosing the wrong individuals could have serious consequences.

Selecting the wrong people for leadership positions is costly, to say the least. Appointing someone who is a poor fit into a high-level position can result in a breakdown in company culture from the top-down, lower productivity, missed opportunities, and higher employee turnover rates across the business.

When selecting individuals for leadership positions, they need not only to be good at their jobs but must also have leadership potential. Qualities to look for include:

- Someone with high-quality moral values, in other words, someone who always tries to do the right thing.
- Look for a person who is apt to build up those around them, rather than take credit for success.
- Conversely, choose a person who is not afraid to take responsibility for failures.
- Seek out optimism, creativity, and interpersonal skills that garner likeability and respect from those around them.
- Decisiveness, foresight, and business acumen are important qualities, as well.

Since you're the one leading the leadership team, you should also look for individuals whom you trust and with whom you want to work closely.

Read More: [The Cost of Bad Leadership: How to Choose the Right Leaders for Your Business](#)

However, be careful not to choose people who will simply tell you what you want to hear. Your leadership team should be comprised of independent thinkers who aren't afraid to voice their opinions openly and honestly.

2. Infuse the Team With a Growth Mindset

When it comes to voicing opinions, sharing new ideas, and fostering communication throughout your organization, you and your leadership team must work hard to infuse a growth mindset throughout your organization's value system, culture, and operations.

A growth mindset is a leadership perspective designed to foster positivity and psychological safety while increasing productivity, growth, and success in a company. ^[1] A leader with a growth mindset values new ideas, sees failure as an opportunity for learning, sees challenges as opportunities for problem-solving, learns from past successes, and never puts down new ideas or hushes open communication.

Read More: [Leveraging a Growth Mindset for Business Growth](#)

To create an effective leadership team that is well-respected, valued, trusted, and liked throughout your organization, you should create a team that can infuse the growth mindset into every interaction at the workplace and everything they do operationally.

3. Identify Business Phase and Set Goals Accordingly

Throughout the life of your business, you'll go through various lifecycle stages, including growth phases. Each growth phase is marked by five stages and different management focuses correlate with each stage: ^[2]

1. **Existence** ➔ **Creativity** (Designing, making, and selling)

2. **Survival** 🖱️ **Direction** (Increasing operational efficiency)
3. **Success** 🖱️ **Delegation** (Expanding your market)
4. **Take-Off** 🖱️ **Coordination** (Consolidating and unifying your organization)
5. **Resource Maturity** 🖱️ **Collaboration** (Solving problems and innovation)

During the five stages of growth, the focus, goals, and challenges that your leadership team faces need to shift slightly.

Read More: [Your Guide To The 5 Stages of Business Growth](#)

As a result, to create an effective leadership team, you must first identify the business stage your company is currently in. This will help you determine the unique challenges you're currently facing, how you need your leadership team to function, and the kinds of skills you need from your leadership team. Appoint members and organize your team structure accordingly.

4. Establish an Operating Framework for the Team

A leadership team cannot succeed outside of an operating framework. An operating framework unifies everyone (not just your leadership team) around a common big-picture vision for the business. [3]

However, operating frameworks aren't just about defining dreams and goals; they define and communicate the specific goals in addition to identifying and outlining the processes, people, tools, resources, and technology that are needed to achieve those goals.

Read More: [Why The Most Successful Businesses Run On Operating Frameworks](#)

Within an operating framework, you'll find cascading goals that establish short-term benchmarks for each individual in the company. These benchmarks function like mile markers along the path to the ultimate, long-term vision for the business. Cascading goals keep everyone and every department unified, oriented, and motivated around achieving common, long-term goals.

Additionally, an operating framework will create a schedule, process, and purpose for leadership team meetings while also ensuring that all of the tools, technology, and resources needed for meeting benchmarks are provided.

Essentially, an operating framework will instruct your leadership team on how to lead and ensure that you are always functioning as a unified body, moving in the same direction (toward success).

5. Always Encourage Self-Improvement and Celebrate Success

No matter what level of a business you're looking at, people want to feel recognized, appreciated, and accomplished. They need to take ownership of their successes and those of the organization as a whole.

Setting cascading goals is the perfect way to show your people exactly how what they do on a daily basis contributes to the company's success overall. In addition to recognizing and rewarding the accomplishments of your employees and those of your leadership team members, it's also important to encourage personal and professional development.

Fostering the ongoing self-improvement of your leadership team not only boosts their skills as leaders but also ensures they feel more satisfied in their careers and their positions with your company by meeting the top tier on their hierarchy of needs – self-actualization.

Read More: [Lower Turnover & Boost Profits By Honoring Maslow's Hierarchy Of Needs](#)

When you provide your high-level employees with opportunities to advance, be creative, be innovative, continue learning, and challenge themselves, you'll ensure they never feel stagnate, under-appreciated, or like applying for jobs elsewhere.

It Always Comes Back to Your Numbers: Measure the ROI of Your Leadership Team

To ensure the management decisions you make foster a symbiotic relationship between your human capital management strategy and your financial management strategy, you must pay particular attention to the profitability of your people. Use your people scorecard to measure the [ROI of your leadership team](#) and structure.

Whether you're creating and structuring a leadership team or developing processes and procedures for incentivizing all levels of employees, it always comes back to the numbers and recognizing which decisions boost your bottom line and which decisions lead to lags in productivity and lack-luster profits.

[1]

<https://www.mckinsey.com/business-functions/people-and-organizational-performance/our-insights/psychological-safety-and-the-critical-role-of-leadership-development>

[2] <https://hbr.org/1983/05/the-five-stages-of-small-business-growth>

[3] <https://smallbusiness.chron.com/operational-framework-business-25852.html>