Economist Intelligence Unit

Managing virtual teams Taking a more strategic approach

A report from the Economist Intelligence Unit

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Preface

M anaging virtual teams: taking a more strategic approach is an Economist Intelligence Unit report, sponsored by NEC. The Economist Intelligence Unit bears sole responsibility for the content of this report. The findings and views expressed within do not necessarily reflect the views of NEC.

This report seeks to provide insights into the prevalence, and management, of virtual teams in business today. For the purposes of this report, the term "virtual teams" refers to a group of geographically dispersed people, either within a single organisation, business unit or department or spanning several organisations, relying primarily or exclusively on information and communications technology (ICT) to communicate and work together towards common goals.

Our research drew on two main initiatives:

• In October and November 2009, the Economist Intelligence Unit conducted a survey of executives to assess the extent to which companies in Europe use virtual teams and how the teams are recruited and managed. The survey attracted 407 participants from a range of industries, all of whom represented companies with annual revenue of at least US\$100m. Of these, 318 respondents currently participate in virtual teams of some kind, or have done so in the past; it is this group's input that informs the trends reported on within this research.

• To supplement the survey results, we also conducted in-depth interviews with numerous executives, industry experts and researchers.

This report was written by Clint Witchalls and edited by Monica Woodley and James Watson. We would like to thank everyone who participated in the survey, and all of the interviewees, for their time and insight.



Executive summary

• ver the past decade, the much-hyped promises of the dotcom bubble have steadily become commonplace. The cost of fixed broadband has plummeted and is now in the process of becoming increasingly pervasive across mobile devices too. Online social networks have emerged and boomed, while instant messaging, web and video conferencing, blogs and other online communication and collaboration tools have become the norm. In the process, information and communications technology (ICT) has broken down the boundaries within organisations and between organisations.

All this has freed people to work in a location of their choice. Yet, despite predictions to the contrary, there has not been a mass migration to the countryside, and most people do not work from home. In fact, research from the UK's Office for National Statistics suggests that full-time teleworkers are mainly comprised of the self-employed.

Yet the outcome of the ICT revolution has been a sea change in the working environment. It has given organisations the ability to pool people from wherever they are in the world, without having to relocate them. People no longer have to be physically co-located to work on the same project, problem or task.

Although diverse management literature exists on the topic of managing virtual teams, little has been done to quantify the extent of these practices within business today, and what forms they typically take. In order to redress this lack of information, the Economist Intelligence Unit conducted a survey of European businesses to assess the extent to which they use virtual teams—and how these teams are recruited and managed. Some of the key findings are highlighted below.

• The use of virtual teams, although effective for remote working and reduced travel, has simply evolved into place at one-half of the organisations polled. Rapid advances in ICT in the past decade have made virtual team working both within and across companies practical and cost-effective for any organisation. This style of working and collaboration has primarily expanded organically, rather than explicitly as a means of facilitating other benefits, such as flexible working. Just 11% of survey respondents say that virtual working had been primarily implemented at their organisation to facilitate more flexible working. Only 3% say it was implemented to reduce their firm's carbon footprint.



• **Good management is not the norm in virtual working.** One in three executives agrees that virtual teams are badly managed. This is probably a result of virtual working simply evolving into being rather than being planned in advance, but it is also to do with the difficulty of leading people from a distance. The latter issue is cited as the second-biggest challenge for virtual team managers, after misunderstandings arising from cultural differences. More simply, most managers (and management theory) have not kept pace with the rate of technological advancement.

• Executives are generally positive about working in virtual teams. More than two out of three survey respondents believe that the advantages of working in a virtual team outweigh the disadvantages. Also, virtual working is not always detrimental to a work-life balance. Fully 45% of respondents disagree that virtual working blurs the lines between work and life and a further 21% are undecided. Three out of every four respondents also state that they travel less as a result of working virtually.

• Despite positive feelings towards virtual work, there are a number of challenges when working at a distance. There are a host of challenges for anyone trying to lead a team remotely, such as the obvious issue of building rapport and common understanding without much (or any) physical interaction or operating across multiple time zones. The single most common challenge, selected by 56% of executives polled, relates to the misunderstandings that emerge as a result of cultural and language differences from teams operating globally. Just one in 20 executives say they have never experienced any difficulty in managing a virtual team.

• More than one-half of executives say that their virtual teams use video conferencing on a regular basis. This rises to about two-thirds (64%) for the largest firms (those with annual revenue in excess of US\$10bn), prompted in part by significant cutbacks in corporate travel budgets over the past two years. But visual communication does not always equate to better communication. Both cultural and gender-based differences need to be taken into account when choosing methods of communication. Research suggests that that men find eye contact threatening, while East Asians are more comfortable using other approaches, such as instant messaging.

• One in three companies has set up virtual working so that they can tap into the global talent pool. One of the most significant benefits of being able to use technology to collaborate globally is the ability to draw on a much deeper pool of skills, without being constrained by geographical location. Yet the majority of survey respondents say that virtual team members are recruited by local managers (58%), suggesting that most companies only recruit in locations where they have an office, thereby severely curtailing the size of the talent pool on which they can draw. Also, relatively few managers embrace the actual technologies they use to communicate in their virtual teams as the method for meeting and interviewing new prospects.

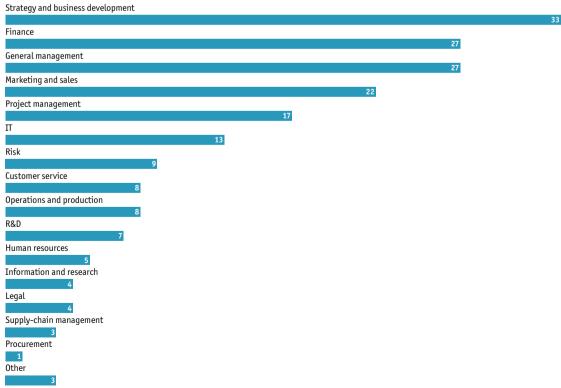


How virtually all of us work today

Working in virtual teams is now widely prevalent, yet most companies did not plan to work this way. Companies have not introduced virtual working to provide flexible working arrangements for their employees, nor have they done so in order to reduce their organisation's carbon footprint (although these are often by-products). Virtual working simply evolved as a natural way of managing teams at about one-half (49%) of the companies surveyed for this report. Beyond that, nearly as many (46%) use it to improve communication or collaboration with other departments or business units in their organisation. By contrast, a comparatively small proportion of respondents (11%) say that virtual working had been primarily implemented at their organisation to facilitate more flexible working and only 3% say it was implemented to reduce the organisation's carbon footprint.

Evolution or not, virtual working is now firmly embedded at most organisations. Constant innovations in ICT have made virtual working practical, effective and cheap. Increased global competition has made it essential.

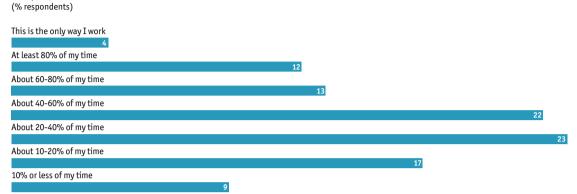
Of the 407 people in the initial sample, nearly eight out of ten (78%) work in a virtual team or have worked in a virtual team in the recent past. Of the 22% who do not currently work in a



What are your main functional roles? Please choose no more than three functions. (% respondents)

. . .





Which of the following best represents the amount of time you spend working within virtual team(s), as opposed to local/physical teams?

Source: Economist Intelligence Unit survey, October-November 2009.

virtual team, one in four say that they expect to do so in the near future. The most commonly cited reason for not working in a virtual team is that the organisation is simply not geographically dispersed.

So, what do virtual teams look like? Our survey found that most people work in small teams of between five and 20 people. The teams are primarily project-based, and people spend about one-half of their working hours in these teams. For some people, however, it is the primary way of working. Fully 16% of respondents say that they spend 80% or more of their time working virtually. Perhaps unsurprisingly, people in the IT and telecoms sectors in general spend considerably more time working virtually. One in three people in this group spends 80% or more of their time working virtually.

Virtual working is now so ubiquitous that for the younger workforce—the so-called generation Y—"virtual working" is simply "working" as they have never experienced a pre-Internet office. Baby boomers (broadly speaking, those born between 1946 and 1964), however, have experienced nothing short of a revolution in the way people work. Tools that were science fiction in the 1970s, such as video conferencing and mobile phones, are now routinely used by most virtual workers.

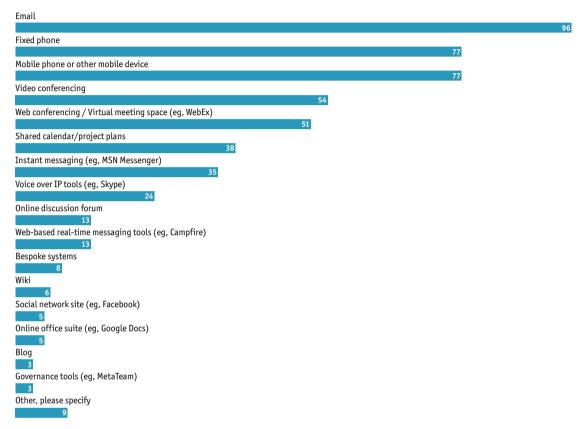
ICT has broken down the boundaries of geography and time, freeing people to work wherever—and sometimes whenever—they want. However, the initial enthusiasm around home-based remote working, or teleworking, has waned in recent years. Today, teleworkers who work for organisations—as opposed to the self-employed—tend to work from home on a part-time or a needs basis. In the UK, for example, relatively few teleworkers work mainly from home (a mere 2% of the workforce, according to research from the Office for National Statistics, although this figure is likely to have expanded in the past few years)¹. The emerging consensus, according to Ursula Huws, director of UK-based Analytica Social and Economic Research, is that full-time teleworking is not good for employees because of social isolation and a lack of opportunity to upgrade skills and knowledge. Nor is it good for employers, because of the risk of demotivation and loss of employee loyalty.

"The increased flexibility [afforded by advances in ICT] is great for employees and organisations," says Vanessa Robinson, head of HR practice development at the UK's Chartered Institute of Personnel

¹Yolanda Ruiz and Annette Walling, *Home-based working using communications technologies*, Labour Market Division, Office for National Statistics, UK, October 2005.



Which of the following tools do you regularly use to communicate and collaborate with your virtual team? Select all that apply.



Source: Economist Intelligence Unit survey, October-November 2009.

Development (CIPD), "but it is unlikely to replace office working, as many employees want to engage in person with colleagues and bosses, as well as undertaking collaborative work that is easier to do face to face."

Alex Kelly is fairly typical of today's virtual teamworker. Based in New Jersey, in the US, Mr Kelly is group vice-president of global communications and investor relations at Schering-Plough, a pharmaceutical company. He has a team of seven people reporting directly to him in different locations around the globe. Every one of these works in a local Schering-Plough office, with people reporting directly to them. "I like the fact that, although we have a virtual and remote team, within each site we still have more than one person there so they can bounce ideas off each other, share work and benefit from different expertise in the team," he explains.

Technology evolves quickly, people evolve slowly

Respondents to this survey are overwhelmingly positive about working in virtual teams. Fully 71% agree with the statement that the pros of working in a virtual team outweigh the cons. IT and technology-oriented industries are even more optimistic about virtual working, with 81% agreeing that the pros outweigh the cons.



To what extent do you agree with the following statements?

(% respondents)	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Do	n't know
The pros of working in a virtual team outwo	eigh the cons						
17				54		23	5 1
The use of virtual teams at my organisation	n is growing rapidly						
17			48			27	7 1
Working in a virtual team means I have to	travel less						
27				5	51	14	6 2
Virtual team working has improved our cor	npany's competitive	ness in the	market				
11			51			31	412
We have a good balance of virtual and trad	itional (face-to-face	e) meetings	5				
8			56		15		18 3
Virtual teams lead to a lack of clearly defin	ed work/life bounda	aries					
6	28		21			37	8
Virtual teams tend to be poorly managed c	ompared with physi	cal teams					
3	28		25		31		12

Source: Economist Intelligence Unit survey, October-November 2009.

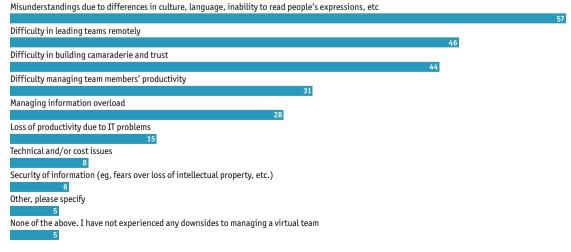
These findings also challenge the assumption that virtual working is detrimental to a harmonious work-life balance. Fully 45% of respondents do not agree that virtual working blurs the lines between work and life and a further 21% are undecided.

Another benefit of virtual working is a reduction in business travel. More than three-quarters (78%) of respondents agree that they have to travel less as a result of working in virtual teams.

However, in spite of these positive responses, working in virtual teams has its challenges. Günter Krieger, head of innovation at BMW Group IT, believes that the biggest challenges relate to cultural differences and time-zone differences. Mr Krieger manages an innovation community of 1,600 associates spread across more than 200 BMW offices. "We work through these challenges with training, personal meetings and flexible work times," he says.

Misunderstanding arising from cultural and language differences was also cited as the biggest challenge of virtual working by survey respondents.

Please select which of the following are the primary challenges of managing a virtual team? Select up to three. (% respondents)





When it comes to choosing communications tools, richer media—containing a combination of audio, video, text or graphics—does not always lead to fewer misunderstandings or better communication. Although research has shown that when teams do not know each other very well it is better to use video rather than voice and it is better to use synchronous communication (where people participate in real-time, such as via phone or instant messaging) rather than asynchronous (where there is a time delay between a message bing sent and received, such as e-mails or blogs), there are a couple of exceptions to this rule. Researchers at INSEAD, an international business school, found that East Asians experience fewer difficulties than west Europeans and Americans when using instant messaging (IM) or e-mail with others from the same cultural background, as opposed to using video conferencing or working face to face.

"One explanation for this is that East Asians are more co-operatively predisposed towards working with members of their own cultural background," explains Roderick Swaab, assistant professor of organisational behaviour at INSEAD. "This makes it easier to overcome some of the challenges they face. If you have a more co-operative predisposition, you may be more inclined to share information freely and take the other's perspective."

A second exception to the "richer media is better" rule relates to gender differences (see sidebox: What is good for the goose is not always good for the gander).

What is good for the goose is not always good for the gander

Video conferencing is an increasingly popular way for virtual teams to communicate and collaborate. Our survey found that video conferencing is regularly used by virtual teams at 55% of the companies polled. This figure rises to 64% for the largest firms, that is those with annual revenue in excess of US\$10bn. But when it comes to male workers, visual contact is not always better.

Newborn boys tend to look at mechanical objects placed in a room—such as a mobile—whereas baby girls gaze at the human beings in the room. By age three, girls are more likely to play face to face whereas two boys are more likely to play side-by-side. Researchers believe that part of the explanation for these preferences might lie in hormones. Studies have been conducted that measured the amount of testosterone a foetus is subjected to in the womb and then correlated that with the amount of eye contact the child would make when one year old. The scientists found that the more testosterone in the womb, the less eye contact at the age of one. As adults, women are more comfortable making eye contact with other women they have just met, whereas in the case of men who have not previously met, eye contact can be seen as intrusive or even threatening.

Based on these findings in biology, a team of researchers at INSEAD, an international business school, decided to find out what this meant for video conferencing in Western cultures. Are men less comfortable with eye contact during a video conference and does this have an impact on their ability to negotiate and think creatively? Are women more comfortable making eye contact and does it aid their decision-making ability?

The research team created a decision-making task for two men or two women to complete over a video conferencing session. "What we found was that two males were actually less creative when they made eye contact compared to when they could not make eye contact, and the reverse was true for two women," says Roderick Swaab, assistant professor of organisational behaviour at INSEAD. "This has implications for the way we work together in virtual teams. Managers should consider how comfortable their team members are with the technology that they're using."



Please select which of the following are most important for creating a successful virtual team? Select up to three. (% respondents)

Setting clear, achievable goals		
		63
Getting team members to meet each other face-to-face, at least once		
	53	
Creating a sense of ownership of the project/goals		
	53	
Selecting the right team members		
	50	
Having the right tools in place		
32		
Team structure		
16		
Making sure team members are "visible" to each other during working hours		
12		
Having a code of conduct		
10		
Other, please specify		
2		

Source: Economist Intelligence Unit survey, October-November 2009.

Even among people from the same culture, misunderstandings are exacerbated through the use of technology. These problems are often multiplied when used across different cultures. It is important for managers to understand the technology and communication channel preferences of the people in their teams and to make accommodation for those differences. If not, cultural misunderstandings will remain the top challenge.

Virtual working needs more rules

There is a vast range of ICT tools available for today's virtual team worker to use. But more channels can mean more opportunities for misunderstanding and conflict. To negate this problem, managers need to set clear rules for using communications tools.

"People think of virtual working as new and fashionable and it sounds like fun, but actually, in a virtual team, there's much more to manage and you need more rules to govern some of the team processes," says Mr Swaab.

Many misunderstandings arise as a result of a failure to appreciate how other people work. Although our survey respondents place low emphasis on other team members being "visible" during a working day (seventh on the list of success factors for virtual teams), when a colleague does not respond to an e-mail it is easy to assume that they have stopped working for the day. In fact, it may be a conscious decision on their part to avoid interruptions so that they can focus on an important piece of work that requires a long period of concentration.

In a virtual environment everything gets amplified because of the lack of visual and vocal cues. It is important during the planning phase of the project to agree on seemingly trivial things such as e-mail response rules. Should people respond to e-mails within four hours or 48 hours? If people are in a meeting or at a conference, should they set up an out-of-office notification? Once the rules are in place, constant monitoring of communication in the group by managers is needed.

² Kevin Kinsella and Wan He, *An Aging World: 2008*, US Census Bureau, June 2009.



How are new members of virtual teams recruited? (% respondents) Selected/recommended by local managers Volunteered or self-selected (eg, for special interest groups, innovation networks, etc) 15 Virtual managers travel to local countries for face-to-face interviews 14 Using technology to conduct remote interviews 7 Other, please specify 6

Source: Economist Intelligence Unit survey, October-November 2009.

Assembling a virtual team

There has been a lull in the "war for talent" as a result of the global financial crisis, but talent shortages will escalate in Europe over the next few decades as working-age populations on the continent continue to decline. According to a recent US Census Bureau report,² by 2040 more than one in four Europeans will be 65 years or older.

When asked the primary reason for the existence of virtual teams in their organisation, one in three respondents says it is to tap into a larger global talent pool. This is particularly the case in the UK, where 41% of the respondents cite this as the primary reason for the existence of virtual teams at their organisation. This possibly reflects the fact that English is the lingua franca of the business world, making it easier for UK companies to take advantage of foreign labour markets.

The majority of survey respondents (58%) say that new members of virtual teams are recruited by local managers (58%). This suggests that most companies only recruit in areas of the world where they have an office, thus severely curtailing the size of the potential talent pool. It also ties in with the finding that virtual teams are still primarily office-based and do not consist of vast networks of lone teleworkers.

"I believe it is important to have people co-located if they are distant from the company headquarters because it's hard to communicate the culture of the company if everyone is just working remotely on their own," comments Mr Kelly of Schering-Plough. At his organisation, local managers do the recruiting even if the new hire then goes on to join a global virtual team. Mr Kelly says that his company is willing to recruit the right person for the job even if they are not in what is thought to be the ideal headquarters location. He adds that companies need to "have that openness to say 'Where is the best talent? Who are the most talented [or] the most strategic people that get the most done?' and be willing to put them on your team wherever they are."

Our survey found that only 14% of managers travel to local countries to conduct face-to-face interviews and just one-half of that number use technology to conduct remote interviews (7%). However, conducting interviews using the same technology that the person will later be expected to use in their day-to-day job can be a useful indicator of how confident and effective a person is at communicating using different media. For example, the person conducting the interview may ask the candidate to give a presentation using a web conferencing tool and follow up with an informal chat using instant messaging.



However, comfort with the technology should not be the overriding factor in selecting people for virtual teams. An affinity with the technology that virtual teams use may not always be the best criteria because managers might over-select introverted people who like their own personal work space, warns Mr Swaab of INSEAD. "You need to have people on your team who can confidently put themselves in others' shoes, more so than in a co-located team," he says. "They need interpersonal skills and teamwork skills, so it requires a much more careful selection process."

Better management needed

One in three executives say that virtual teams are poorly managed in comparison to co-located teams. This could partly reflect the fact that virtual working has simply evolved at most organisations without being planned in advance. But another reason virtual teams are poorly managed is because managers find it difficult leading from a distance. In fact, leading from a distance is rated as the second-biggest challenge by virtual team managers after misunderstandings arising from cultural and language differences.

Even highly structured organisations, such as NASA, have had trouble working virtually. In 1999, NASA sent a Mars orbiter into space, but soon after the launch it exploded. Over US\$125m was lost. An internal review found that the root of the problem was the communication between the two teams responsible for the launch. One team was located in Colorado, the other in California. These virtual teams communicated mainly by e-mail, but failed to realise that the team in Colorado was working

CASE STUDY: Aroxo—view from a start-up

"Careful cost management is essential when you're a start-up because you just don't have a reliable revenue stream," says Matt Rogers, co-founder of Aroxo, an e-commerce company that helps online buyers and sellers negotiate with each other.

The company is managed out of the UK, but, to keep costs low, all of the software is developed by Aroxo's team in Tamil Nadu, southern India—which is also the location of the company's only physical premises. The company also makes considerable use of open source software for development and free software and services to communicate and collaborate as a single virtual team. "In software development, efficient communication is absolutely vital," says Mr Rogers. "Working on our communication style is something we've focused on heavily."

Mr Rogers and Aroxo's other co-founder, Andrew Culpan, are in near constant communication with the development team in India. Most of the communication is through instant message chat because there is a clear audit trail of communication—and only a small proportion of the communication is via e-mail and telephone. All telephone calls are made using free Internet-based telephony.

For many companies, a big fear of managing at a distance is loss of productivity, but this is something that has not been a problem at Aroxo. "The first step is employing people you trust," says Mr Rogers. "Generally speaking the smaller the team, the less you need to worry about productivity."

The virtual team has weekly meetings where goals and priorities are set. Progress towards the goals is then constantly monitored throughout the week. "Running a development project, you quickly get to learn how long something should take and why something takes longer," says Mr Rogers. "The less you know about the services you're buying the harder it is to protect against this."

While virtual working works most of the time, being physically co-located becomes important when the group is working on a complex new feature of the software. At this juncture, they meet in person and use white boards and other visual aids to discuss the new feature or algorithm. Mr Rogers believes that it is important to be on hand to answer developers' questions. "We're big believers in the power of technology to make communications more efficient," he confirms, "but there's no perfect substitute to meeting people face to face."



with metric units and the team in California with Imperial units. The committee that investigated the disaster found that communication between the two teams was too informal. Both teams worked with the assumption that what they communicated to the other team was clear.

It is a common bias that people believe what they have communicated is clear to the other party, when often it is not. "We need to be proactive in taking the other's perspective and empathise with them," says Mr Swaab. "We have to ask, 'How might they interpret the same message and verify that understanding?' What did they hear me saying?"

Third on the list of difficulties is the related issue of building camaraderie and trust—again, something that is difficult to do at a distance. When virtual teams are initiated, many managers try to build team spirit by getting the team together and organising a social event.

Today, video conferencing is frequently used in lieu of flying. More than three-quarters of the survey respondents say that they travel less now as a result of working in a virtual team. Yet meeting in person was voted the second most important factor for successful virtual working by the respondents. "It's hard to be on a two-hour conference call and listen and grasp everything that's going on, so I find it extremely valuable to meet face to face," says Ken Reimer, vice-president for operations of the Processor Division at ARM, a semiconductor manufacturer.

Getting the balance right is key. Meeting in person three or four times a year, as in the case of the founders of Aroxo with their developers in India, is sufficient where trust and camaraderie are already firmly established. For new teams, meeting in person every couple of months may be more valuable.

What is true for teams on the other side of the globe is equally true for teleworkers who live close to the office. People who work from home and rarely see their colleagues will feel isolated and may

CASE STUDY: Save the Children

People at Save the Children are heavily reliant on virtual teams to get their work done. The London-based charity has offices in over 50 countries and is part of an international alliance of almost 30 Save the Children organisations that fight to protect and promote children's rights. A lot of co-ordination between the various entities is required. "All of our working practices are informed by our being acutely aware of the importance of the left hand knowing what the right hand is doing," says Jasmine Whitbread, the organisation's CEO.

The charity's health team, for example, is made up of researchers and policy advisers in London, as well as project managers and incountry policy advisers in each of the countries in which the charity operates. The charity recently launched its biggest global campaign to date, EVERY ONE. Virtual teams around the globe ensured that branding, messaging, policy calls, information materials, fundraising and campaigning activities were synchronised and launched on time. Virtual teamwork has made Save the Children much more operationally efficient. For example, the speed and reach of new communications mean that project designs, policy strategies or media reports that have worked in one country can easily be shared with another.

However, Ms Whitbread says that Save the Children works in very distinct and diverse countries, with individual cultures and languages, and these are sometimes glossed over in the "speed and universal application of new communication networks". "Working in virtual teams can lose the spontaneity of a face-to-face meeting in which you're required to use your full range of sensual perceptions," she says. "This is why I still make an effort, and encourage our managers, to travel out frequently to visit and hear what our programme offices have to say."

There is also the more prosaic problem that ICT is not universally or equally diffuse. Many of the countries in which Save the Children operates, such as Côte d'Ivoire, Sudan and the Democratic Republic of the Congo, simply do not have high-speed Internet connections, or even a secure electricity supply.



suffer from loss of motivation. It is critical that they feel part of a team and that they feel part of the organisation. One way to resolve this would be to ask them to work from the office on some occasions. Managers need to ensure that people do not feel detached from the organisation. They need to monitor teleworkers and constantly include them in the decision-making process.

Some argue that change is on the way though, as organisations adjust to technology. Ghislaine Caulat, a consultant with Ashridge Consulting, part of Ashridge Business School, acknowledges that most executives believe that face time is needed to run projects well, especially in order to develop a relationship of trust with peers. But she argues that this is simply because it is what they have historically been used to, but that this is starting to change. "There are more and more people who have no chance to meet physically. They work on highly important projects, they are given six months to do that, and there's no way to work face to face, or even meet once," she says, noting that such projects are just as successful. But this style of working needs to be experienced and some adaptation needs to take place before managers and leaders become comfortable with it.



Conclusion

Working in virtual teams is a growing phenomenon and most business executives are positive about the benefits of working this way. Respondents to our survey agree that virtual working allows them to collaborate with colleagues across the organisation, it gives them access to a global talent pool and it improves their organisation's competitiveness.

As more tools have become available (often at low, or no, cost), virtual working has evolved as the natural way for organisations to carry out tasks and business processes. However, little planning has gone into how these tools should be used and how they will be used by different cultures or even across the gender divide.

But as these technologies become more prevalent, more thought will be needed on how best to adapt an organisation to work more effectively using these technologies. Historically, meeting in person at the launch of a project or when a conflict arises has been an important means of resolving issues. But face-to-face meetings are not always practical or cost-effective. It is therefore imperative that teams agree on clear rules for communication from the start. Managers then need to "hypercommunicate" with the team, constantly verifying what has been understood and carefully monitoring the entire communications process. Doing so will dispel many misunderstandings—many, but not all.

"There are a lot of cultural differences which are hard to detect and can cause opportunities to take offence," says Mr Rogers of Aroxo. "We work on the assumption that people mean the best in how they act and behave, and that helps a lot."

Ten tips for managing virtual teams

• *"Joint and common understanding of targets, procedures and the fun involved in achieving the set goals."*— Günter Krieger, BMW

• Set clear, measurable and achievable goals and carefully monitor progress towards the goals until completion.

• There is plenty of scope for misunderstanding in virtual environments, so never make assumptions. Hyper-communication is essential—check and double-check.

• *"Rapport is critical. Time is also important, in that I mean it takes time to build rapport and an understanding between people."*—Matt Rogers, Aroxo

• Try to avoid using full-time teleworkers. Virtual team members should be part of a team, not only for support and morale, but also to be included in the organisation's culture. If there is no way around using full-time teleworkers, managers need to ensure that they are made to feel part of the team and included in the decision-

making process.

• *"Setting expectations and communicating along the way are critical."*—Ken Reimer, ARM

• Managers need to set clear rules for communication, for example by setting an e-mail response time of 24 hours. Compliance with the rules needs to be constantly monitored.

• Communications tools need to be carefully selected, taking into account cultural and gender preferences.

• "When you put a group of new team members together, one of the things that you need to do is to provide clarity. You need to provide clarity in terms of what they will be doing as a team, and you need to make sure that they know they can rely on each other."—Roderick Swaab, INSEAD

• When selecting team members, it is useful to conduct at least one interview using the technology the team member will be expected to use on a day-to-day basis. Of course, affinity with communications technology should not be the main deciding factor.

Appendix: Survey results

Do you work, or have you worked, in a virtual team that conforms to the above description? (% respondents)

Yes, currently 74 Yes, in the past few months Yes, in the past few years

Source: Economist Intelligence Unit survey, October-November 2009.

What is the size of the primary virtual team (ie, the one you spend most of your time working with) you are part of/manage? (% respondents)

Fewer than five people	
9	
Between five and ten people	
	42
Between 10 and 20 people	
24	
Between 20 and 30 people	
10	
More than 30 people	
9	
The size of the team varies considerably	
6	

Source: Economist Intelligence Unit survey, October-November 2009.

Which of the following best represents the amount of time you spend working within virtual team(s), as opposed to local/physical teams? (% respondents)

This is the only way I work	
At least 80% of my time	
	12
About 60-80% of my time	
	13
About 40-60% of my time	
	22
About 20-40% of my time	
	23
About 10-20% of my time	
	17
10% or less of my time	
9	

 Which sort of virtual team(s) have you most commonly worked in? Select up to two.

 (% respondents)

 Project-based (within or across organisations, to achieve a specific goal or set of goals)

 Management/executive (eg, heads of regions or business units)

 45

 Departmental (eg, within a particular function of the business, such as finance)

 34

 Community of practice (eg, a group drawn from different departments to work on broad topics)

 16

 Task-based (eg, service team to assist customers with specific tasks)

 9

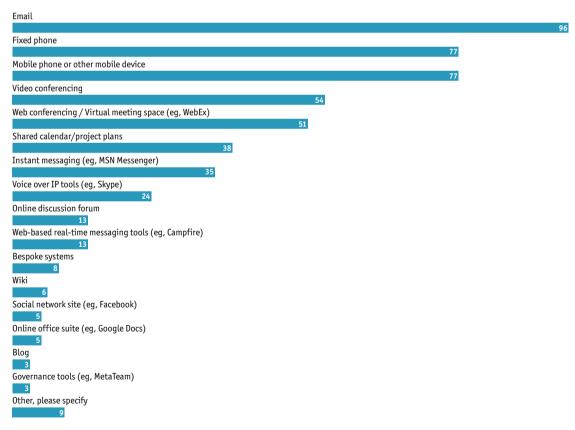
 Offshore outsourcing

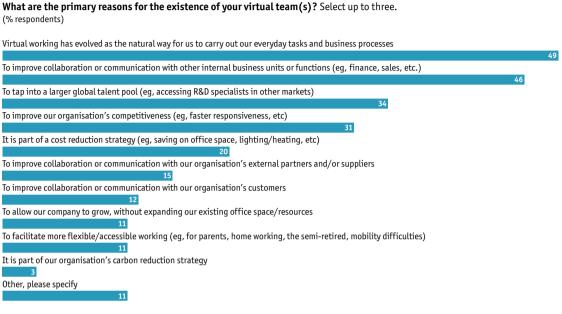
 5

 Other, please specify

Source: Economist Intelligence Unit survey, October-November 2009.

Which of the following tools do you regularly use to communicate and collaborate with your virtual team? Select all that apply.



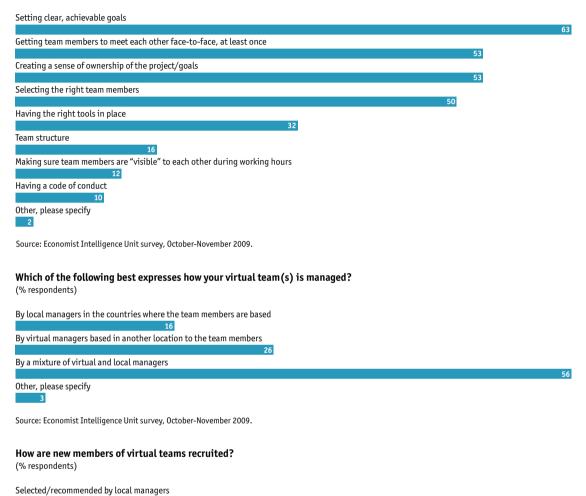


Source: Economist Intelligence Unit survey, October-November 2009.

To what extent do you agree with the following statements?

(% respondents)	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Do	n't know
The pros of working in a virtual team outweigh the cons						
17			54		23	5 1
The use of virtual teams at my organisation is growing rapidly						
17		48			27	7 1
Working in a virtual team means I have to travel less						
27			51		14	6 2
Virtual team working has improved our company's competitive	ness in the	e market				
11		51			31	4 1 2
We have a good balance of virtual and traditional (face-to-face	e) meeting	S				
8		56	1	15		18 3
Virtual teams lead to a lack of clearly defined work/life bounda	aries					
6 28		21			37	8
Virtual teams tend to be poorly managed compared with physic	cal teams					
3 28		25		31		12

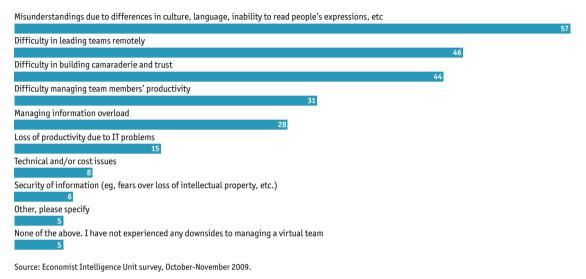
Please select which of the following are most important for creating a successful virtual team? Select up to three. (% respondents)



Volunteered or self-selected (eg, for special interest groups, innovation networks, etc)
15
Virtual managers travel to local countries for face-to-face interviews
14
Using technology to conduct remote interviews

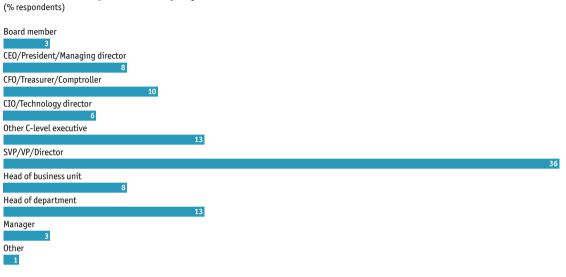
Other, please specify

Please select which of the following are the primary challenges of managing a virtual team? Select up to three. (% respondents)



In which country are you personally located? (% respondents)

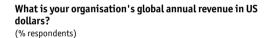
United Kingdom
46
Germany
9
Switzerland
6
Spain
5
Belgium
4
France 3
Italy 3
Netherlands
3
Austria
2
Czech Republic
2
Finland
2
Russia
2
Sweden
2
Denmark
2
Turkey
2
Source: Economict Intelligence Unit survey, Actober-November 2000



Source: Economist Intelligence Unit survey, October-November 2009.

Which of the following best describes your job title?

In which region are you personally based? (% respondents)



\$100m to \$500m

\$500m to \$1bn

\$1bn to \$5bn

\$5bn to \$10bn

\$10bn or more

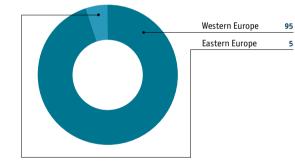
19

7

19

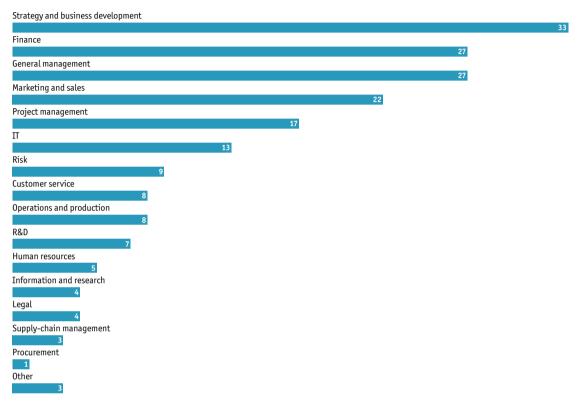
14

42



Source: Economist Intelligence Unit survey, October-November 2009.

What are your main functional roles? Please choose no more than three functions. (% respondents)



What is your primary industry? (% respondents)

Financial services	
IT and Technology	
Professional services	10
Manufacturing	10
Consumer goods	9
Telecoms	9
8 Healthcare, pharmaceuticals and biotechnology	
7 Energy and natural resources 5	
Construction and real estate 3	
Transportation, travel and tourism	
Chemicals 2	
Entertainment, media and publishing	
Logistics and distribution	
Agriculture and agribusiness	
Education	
1 Government/Public sector	
1 Retailing	
1 Automotive	
1	

Source: Economist Intelligence Unit survey, October-November 2009.

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While every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in this white paper.

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