CHAPTER 3

FAR-FLUNG TEAMS AND THE KNOWLEDGE-DRIVEN CORPORATION

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ABSTRACT

In the knowledge era economy, the special knowledge-generating resources required for innovation are no longer concentrated in one region, but are distributed around the globe. Furthermore, the pieces of the knowledge puzzle are no longer possessed by a single corporation, but rather by collectives known as value networks. The new challenges facing global companies are to identify, pool, and deploy their knowledge resources in these settings. Bringing together knowledge resources from their remote “sensing” outposts without frequent travel requires a radically new approach—an approach through which knowledge resources can be deployed globally and locally simultaneously, overcoming the barriers of knowledge dispersion. To better understand this process, a study of 54 far-flung teams in 31 different corporations scat-
tered over 28 diverse industries was undertaken. Implications of this investiga-
tion are discussed.

INTRODUCTION

The developing economies of Asia and Latin America are now starting to
kick into high gear. Hyper-growth economies of China and India combined
hold tremendous growth potential and opportunities for manufacturers
and service providers all over the world. Meanwhile, the appetites of Ko-
reean and Japanese consumers for new electronics and wireless technologies
products and services continue to be insatiable. All this comes in good time
for global players based in the United States and Europe, who find their
local markets saturated and stalling in growth. The emerging markets not
only bring new growth opportunities, but also provide a learning oppor-
tunity that can be used to stimulate growth in home-base markets for U.S. and
European multinationals. In the global marketplace, corporations can dif-
ferentiate themselves by understanding the unique needs and demands of
the markets in growing economies (e.g., fish skin-covered cell phones and
diamond-encrusted cell phones in China), sensing the slightest changes
in the supply market and responding quicker than the competition, and
creating innovative products using the growing intellectual capital based in
regions such as China, India, and South Korea.

Corporations at the leading edge of innovation are making extensive use
of “far-flung” teams (i.e., groups of individuals representing very different
areas of functional and geographical expertise) working interdependently
on a task, rarely (if ever) meeting face-to-face, and communicating largely
through electronic means. Far-flung teams are flexible organizations that
allow corporations to band and disband global teams to capitalize on global
opportunities and pull in expertise on an as-needed basis. Thereby, far-
flung teams enable companies to leverage expertise locally as well as glob-
ally by allowing invaluable experts to be virtually in more than one location
simultaneously.

Furthermore, far-flung teams afford individuals to work at their chosen
pace and time that encompasses and leverages a variety of working styles and
divergent perspectives. Team leaders of far-flung teams face several chal-
len ges: building trust, respect, and commitment between all members who
are far-flung and may have never worked together, organizing tailor-made
virtual collaboration processes, reducing conflicts, and making sure that
the outcome and the processes are visible upstairs (Hinds & Bailey, 2003;
Jarvenpaa & Leidner, 1999; Malhotra, Majchrzak, Carmen, & Lott, 2001;
Majchrzak, Malhotra, Stamps, & Lipnack 2004). Researchers have begun to
investigate the nature of procedures that are needed in far-flung (virtual)
team contexts (Cascio, 2000; Davis, 2004; Howell & Hall-Merenda, 1999; Malhotra, Majchrzak, & Rosen, 2007; Zigurs, 2003). In this chapter, we focus on how managers of far-flung teams can ensure that their teams work at optimal performance levels by overcoming the following challenges:

- **“Communications challenge”** that arises from having to conduct almost all of their core work virtually through an electronic medium (almost never meeting face-to-face) with minimal or no face-to-face interaction.
- **“Cultural challenge”** that comes from having team members from diverse areas of expertise, from different countries, based in multiple countries, and mostly speaking different native languages.
- **“Task challenge”** refers to the challenge of pooling together disparate participants that in turn creates uncertainties in both the processes for accomplishing team objectives as well as the nature of the actual outcomes anticipated.

**INVESTIGATION OF VIRTUAL TEAMS**

A classic investigation of collocated compared to far-flung or virtual teams is Howell and Hall-Merenda’s (1999) study of 317 Canadian bank managers. This field study assessed leadership at one point in time and collected the performance of the bankers 12 months later. The two measures of leadership used were the Leader–Member Exchange (LMX) scale and the Multifactor Leadership Questionnaire (MLQ). Results showed that none of the four MLQ leadership measures predicted performance 12 months later overall. Neither transformational leadership style, or contingent reward style, or active management by exception, or passive management by exception were significant predictors of performance. In contrast, LMX leadership was a strong predictor of performance. More important for our purpose, only LMX leadership predicted team performance for far-flung teams, whereas both LMX and transformational leadership did so for collocated unit members. Clearly, leadership of far-flung teams is different from that of collocated groups. The question becomes what team management and leadership work for far-flung teams, and to this investigation we next turn.

Sponsored by the Society for Information Management Advanced Practices Council, we set out to study how companies in diverse industries were managing and leveraging their globally dispersed expertise. In all, we have studied 54 far-flung teams in 31 different companies across 28 diverse industries including Boeing-Rocketdyne, Intel, Tektronix, Agilent, Kraft, and Air Products and Chemicals. These teams were not only extremely ef-
efficient, but in many cases more innovative than face-to-face teams. They made decisions faster with more input from others, and developed policies that were implemented worldwide with fewer problems than conventional teams meeting face-to-face, often, and regularly. A closer look at the teams revealed that their success was a result of “far-flung” leadership sharing and management practices. The teams overcame the challenges that time, distance, and expertise dispersion brought about. The major characteristics of the teams included in our research sample were:

- The teams ranged in size from a low of 3 to a high of 50, with the teams having 12 members on average;
- Teams were at diverse phases of their life cycles with 25% already completing their tasks and 20% just starting;
- 50% of the teams included more than one company and more than 50% included more than one function;
- 75% of the teams included members from more than one national culture with 60% including members at three or more time zones apart or with different native languages.

Our data investigation was both exploratory and confirmatory. We first interviewed each team leader. The interviews lasted about one hour. Team members were contacted (either by us directly or by the team leader) and were asked to complete a Web-based survey that we prepared. We guaranteed confidentiality of all responses. Members were asked about their views of such team characteristic issues as trust, leadership, cohesiveness, and personal benefits from the team.

Table 3.1 shows a statistical comparison of team characteristics based on team effectiveness. The survey took about 30 minutes to complete. A total of 269 team members completed the survey. On average, 50% of the members from each team completed a survey. Finally, executives who were knowledgeable about the team but were not members of the team were asked to complete a short 10-item assessment of the team’s outputs to date, including assessments of the team’s efficiency, quality of innovations, adherence to schedule and budget, and work excellence.

With 54 far-flung teams, we tested the relationship of between characteristics of the team and team effectiveness. The results show that effective teams possess more goal agreement, higher anticipated value of outcomes, social identification (friendliness) between members, and trust between team members. The differences vary in strength from 42% for goal similarity (committed to same goal) to 24% for both anticipated rewards and friendliness to 10% for trust between members. The relative strength of these relationships may suggest the relative difficulty in developing them in a far-flung team. It appears that it may be easier to get the far-flung team
### TABLE 3.1 Comparison of Team Characteristics Based on Effectiveness

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<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
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<th>$\text{Sig}$</th>
<th>$\text{Eta}^2$</th>
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<tbody>
<tr>
<td><strong>Similarity of goals between team members</strong></td>
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<tr>
<td>Between groups</td>
<td>3.790</td>
<td>1</td>
<td>3.790</td>
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<td>.000</td>
<td>42%</td>
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<tr>
<td>Within groups</td>
<td>9.835</td>
<td>52</td>
<td>1.189</td>
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<td>Total</td>
<td>13.625</td>
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<td>0.258</td>
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<td><strong>Anticipation of value by team member</strong></td>
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<tr>
<td>Between groups</td>
<td>1.914</td>
<td>1</td>
<td>1.914</td>
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<td>.000</td>
<td>24%</td>
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<tr>
<td>Within groups</td>
<td>5.928</td>
<td>52</td>
<td>.114</td>
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<tr>
<td>Total</td>
<td>7.842</td>
<td>53</td>
<td>.152</td>
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<td><strong>Social identification between team members</strong></td>
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<tr>
<td>Between groups</td>
<td>2.209</td>
<td>1</td>
<td>2.209</td>
<td></td>
<td>.000</td>
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<tr>
<td>Within groups</td>
<td>6.896</td>
<td>52</td>
<td>.133</td>
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<tr>
<td>Total</td>
<td>9.105</td>
<td>53</td>
<td>0.175</td>
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<td><strong>Trust between team members</strong></td>
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<tr>
<td>Between groups</td>
<td>.554</td>
<td>1</td>
<td>.554</td>
<td></td>
<td>.020</td>
<td>10%</td>
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<tr>
<td>Within groups</td>
<td>4.997</td>
<td>52</td>
<td>.096</td>
<td></td>
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<tr>
<td>Total</td>
<td>5.551</td>
<td>53</td>
<td>0.106</td>
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</tbody>
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Note: $\text{Eta}^2$ is the predictable variation.
on the same page of the goal book than to convince them of the value of rewards for them and the friendliness. In contrast, it may be most difficult to overcome the trust barriers between teammates. Clearly far-flung teams require special attention. Our five recommendations are as follows.

**CHALLENGE #1: MAXIMIZING COGNITIVE DIVERSITY WHILE MINIMIZING DIVERSITY OF PROCESS**

Breakthrough ideas, designs, and processes require that a diverse range of expertise (functional, geographic, and past experiences) is represented on the team. The requisite variety for innovation comes from not only diversity with respect to functional knowledge (finance, marketing, etc), but also from diverse geographical knowledge. To have a clear understanding of each person’s anticipated knowledge contribution to the team, many team leaders prepare a skills matrix for the team (i.e., all the skills [or knowledge domains] that they thought needed to be represented on the team). They then populate the team first with people they know and check off which skills are represented by the team members. Team leaders seek some degree of overlap such that an individual is more likely to be selected when he or she brings more than one skill to the team and strives to ensure that more than one member represents a particular skill. Using this matrix, they have a better understanding of the “skills holes” on the team, and are able to justify this need to executives in the appropriate divisions to recruit additional members. In this way, teams are carefully selected from available talent corporationwide.

After requisite diversity and talent are represented on the team, the next challenge is to allow such knowledge and diversity to be expressed and leveraged within the context of a common process that is created by the team members collaboratively. Team members were encouraged and allowed to think in divergent ways. This cognitive diversity is what enriches far-flung teams and leads to ideas that are the seeds for innovation. However, if divergent thinking is not organized to create a structured and clearly articulated process, it can lead to chaos that can bog down even the teams with the “best of the best around the world” expertise. Different team members, hailing from different functions and geographic locations, each have their own “way of doing things.” Leaders of successful far-flung teams need to make sure that this behavioral diversity is channeled so as to ensure that far-flung teams are allowed to think differently, but are required to adhere to a common process of how ideas are integrated, evaluated, and refined. The relationship we found between cognitive diversity and behavioral diversity for peak performance is shown in Figure 3.1. We hypothesize such an inverted “U” shaped relationship for future studies.
As an example, an automotive engine design team that was entrusted with the task of designing an engine for a new car being launched in the Latin American market had representatives from the United States, Europe, and Brazil. Members were chosen from these diverse regions to capitalize on their past experiences and deep knowledge of the new market. Each of the members had excelled in their previous projects; however, the far-flung team responsible for designing the new engine floundered from the start. The team leader discovered that the members each had their own way and rhythm of design, which was very different from each other. The leader made a concerted effort to ask each member to express what he or she liked about their process of designing new concepts. This led to the design of a new “third way” (Graen & Wakabayashi, 1994) team process that incorporated the best element of the “old way of doing things” of each team member. The resultant process led to a more effective team that went on to design an engine with superior performance that was suitable for the conditions of the new market. Before this third way could be constructed, the virtual team became a strong LMX team with mutual trust among members.

In essence, successful far-flung team members have to maximize cognitive diversity while creating a collaborative process that is acceptable to all members. One way of overcoming this challenge is to enlist team members who have “T-shaped skills”—deep functional/geographical knowledge and broad organizational process knowledge (Hansen & von Oettinger, 2001). While the deep functional/geographic knowledge is what makes team members valuable to the team, it is their broad network-centric process knowl-

![Figure 3.1](image-url) Maximizing cognitive diversity while minimizing process diversity.
edge that sets the common ground for the team and minimizes the behavioral diversity that encumbers far-flung teams (see Chapters 1 and 2).

**CHALLENGE #2: BUILDING STRONG WITHIN TEAM COMMITMENT WITHOUT THE LUXURY OF FACE-TO-FACE INTERACTION**

More often than not, a newly assembled far-flung team has members who may have little (if any) shared experiences prior to working with each other on the far-flung team. Furthermore, their work on the far-flung team is conducted mostly through electronic communications and almost no face-to-face interaction. The challenge this poses for team leaders is building strong relations between team members and the team as a whole without the luxury of face-to-face social settings. This can become an advantage for far-flung teams (Howell & Hall-Merenda, 1999).

It can be argued that while in face-to-face settings, team members tend to first rely on traditional visual cues (“look into his or her eyes to see if he or she means what he or she says” or “his or her body language”) exhibited during social settings to build relationships. This is followed by ascertaining whether the team member has the requisite knowledge to contribute fruitfully to the task at hand (anticipation of value or respect for competence of the other person) and does he or she actually deliver what he or she promises—what we call “trust.” From thereon, friendliness and expertise based on respect reinforce each other over the life cycle of the team and produce trust and commitment.

On the other hand, the leaders of teams we studied made us aware that successful far-flung teams must initially rely on expertise-based trust rather than traditional social-based trust. Expertise-based trust is built through demonstrating actions (Jarvenpaa & Leidner, 1999) and making it explicit that the diverse team members have the intellectual capital required to think and contribute innovatively (Malhotra et al., 2007). Some far-flung team leaders we studied created non-project-related tasks (prior to commencing the main task of the team) to provide team members with an opportunity to showcase their expertise. Creative team leaders engaged the entire team in online team activities (e.g., scavenger hunts or playing multiplayer games). A more common practice was that of creating an “expertise directory” of team members, highlighting other projects that team members had successfully worked on and their regional/geographic expertise that may be pertinent to teams’ current tasks. Team leaders also distributed (or stored in a central location) the skills matrix that they used to populate the team, in order to make everyone aware of “who is good at what” and improve mutual understanding and respect of each others’ competence.
Once efforts to build expertise-based trust are in place, far-flung team leaders must also turn their attention to building social trust between team members. As compared to traditional settings, far-flung teams may not exhibit deep social bonds/trust between team members due to more deep-level differences. Nevertheless, social trust can be built and sustained during the life cycle of the far-flung team. As shown in Figure 3.2, the social-based trust between far-flung teams is reinforced through building expertise-based trust initially, and in turn such social-based trust reinforces the expertise-based trust over the life cycle of the far-flung teams.

There are several mechanisms that are available to build social cues-based trust in far-flung settings. At the most basic level, team leaders (or virtual meetings facilitators) ensure that during each virtual meeting a certain portion of time is allocated at the beginning to sharing each others’ “what is happening in our real life” information. The amount of time allocated to virtual social exchange during virtual meetings depends on the time in
the life cycle of the team and/or the situational context of the team (i.e.,
team members feeling disconnected or rise in conflict). Other teams used a
more elaborate virtual party mechanism to celebrate achievements of mile-
stones and objectives. Team leaders ensured that at the time of virtual meet-
ings (virtual party meetings) all team members received the same snack/
food and beverage to consume during the virtual celebration party.

A more extensive practice to build social trust from the ground up in-
volves breaking teams into subteams that then worked together on an ac-
tivity or subtask and report to the whole team during audio-conferencing
meetings. Team leaders take this opportunity to pair members together
that hailed from diverse disciplines, functional expertises, and geographi-
cal regions so that they may bond. Most of all, nearly every far-flung team
leader allowed each team member to comment on or contribute to every
facet of the team task rather than pigeon-holing team members into ac-
tivities based on their previous experiences or area of expertise. This more
egalitarian open environment—where knowledge flowed freely—enabled
trust to be built and even friendliness.

**CHALLENGE #3: MAKING THE INVISIBLE VISIBLE UPSTAIRS**

Far-flung team members’ primary responsibility lies in accomplishing the
objectives and tasks of their local (functional and/or geographic) constitu-
ency. Given that the team members can only allocate a small percentage of
their work week to the far-flung team, team leaders have to ensure that each
team members’ local bosses are aware of their employee’s contributions.
Furthermore, the entire team needs to be made to feel that the organiza-
tion on the whole is made aware of, recognizes, and values their contribu-
tions and innovative work in the far-flung team. If that is not the case, it
is easy for far-flung team members to lose their motivation and be over-
whelmed by their local responsibilities.

As an example, in a far-flung team in the electronics equipment industry
composed of part-time members from five different business divisions, the
team leader was worried that the members would not give the team their
priority. So the team leader created a “virtual” steering committee for the
team composed of the senior-level executives from each of the five business
divisions and had the team give quarterly briefings to the steering commit-
tee (through webcasts). By the time the annual reviews were conducted, the
executives were able to include their knowledge of their team member’s
contribution to the far-flung team in the review process.

Beyond making the work visible to executive sponsors, team leaders of
successful teams also make a concerted effort to make the progress visible
to the team itself. More than ever before, team members make work prog-
ress and the team knowledge evolution explicit in team knowledge repository. Leaders of the far-flung teams we studied made sure that there were communication norms in place at the onset of the team that required team members to document their work and also contribute to electronic discussions (asynchronously) in addition to sharing their knowledge during virtual meetings. This serves two purposes: (1) every team member is aware of the teams’ progress and milestones, and (2) by calling on the knowledge stored in the repository (annotated and author-identified documents and drawings), team members become more aware of each others’ skills and expertise—leading to stronger expertise-based trust between team members.

**CHALLENGE #4: ESTABLISHING A SYNCHRONOUS AND ASYNCHRONOUS RHYTHM (WITH FOCUS ON ASYNCHRONOUS COLLABORATION)**

Malhotra et al. (2007) have mapped out how leaders of far-flung teams manage the life-cycle rhythm of the teams. Most successful far-flung teams work on establishing a synchronous as well as an asynchronous collaboration rhythm. Many of the leaders we spoke to felt that their far-flung teams were more productive and effective because they go to great lengths to establish the asynchronous collaboration rhythm. In most traditional face-to-face collaborations as well as some of the less effective far-flung teams the tendency of team members is to wait until face-to-face or synchronous (such as all-team audio conferencing) meetings to generate ideas to satisfy the needs of the task at hand. However, the successful far-flung teams we studied found that the time between meetings was the most valuable to asynchronously generate and evaluate ideas as well as surface any conflicts that may exist between members. This is more efficient because the team members can only allocate a percentage of their work week to the far-flung team task. By working asynchronously, far-flung team members can pick and choose when they can make their contributions. It is also more effective because people with diverse backgrounds have a different rhythm and pace of generating their own ideas and evaluating others’ ideas. As one team leader put it: “Try sketching a new concept with someone looking over your shoulder with a stopwatch in their hand.” Working asynchronously also ensures that sources of conflict emerge explicitly and can then be resolved during synchronous meetings. Synchronous meetings are the lifeblood of most far-flung teams, and the time is better spent in resolving conflicts synchronously rather than generating ideas and surfacing creative conflicts. Finally, the more asynchronous work that a far-flung team engages in, the easier it is for the team leader to track who is contributing and who is not. This added element of visible generation of ideas (using
threaded electronic discussion mechanisms) and documentation of ideas/concepts (using electronic knowledge repositories) makes it easier to keep track of otherwise invisible far-flung team members.

Successful far-flung teams use document and design knowledge repositories and electronic discussion boards/databases to pursue their “idea divergence” activities asynchronously. Far-flung teams then utilize synchronous (e.g., all-team audio conferencing sessions) meetings for “idea convergence” (and related conflict resolution and negotiations) activities. The asynchronous idea divergence and synchronous idea convergence rhythm allows far-flung teams to be more efficient and effective simultaneously. The likelihood of breakthrough innovative ideas emerging through this asynchronous–synchronous rhythm is far more than if the teams were to rely only on synchronous meetings to get work done.

**CHALLENGE #5: LEADING EQUALS**

Finally, the success of far-flung teams, just like traditional collocated teams, comes down to the leadership of the team. However, as we learned from our interviews, leadership in far-flung teams can be a lot different from the conventional style of leadership. Most of the far-flung teams we studied were entrusted with innovation-related tasks and were comprised of individuals that were considered leading experts in their field/regional responsibilities. And, as such the members were highly motivated and each equal to each other and whoever was appointed as leader in terms of what they brought to the team. Recognizing this “collection of equals” context, leaders of successful far-flung teams create the right environment for creativity and innovation by sharing the leadership role amongst the team members (Graen & Graen, 2006, 2007). Team members are encouraged to play the role of virtual meetings facilitator, team knowledge manager, electronic discussion maintainer, etc. As the leadership of far-flung teams gets more distributed, the team moves away from a hub-and-spoke structure (where all the ideas are filtered through a central leader) to a more organic and democratic process that leads to more creative and breakthrough ideas. The role of the leader evolves from one of being information gatekeeper to information bridge builder. Successful far-flung team leaders we studied recognized that a creative process requires diverse expertise, but does not require a hierarchy. As such, the role of leader requires that he or she ensure that every far-flung team member contributes, every team members’ opinion is heard and leveraged, that connections between diverse ideas are made through an open (electronic) dialogue, and team members are given every opportunity to collaborate. The decision networks are completely saturated with links including the team leader.
Leaders of successful far-flung teams tend to adopt a more communication-intensive monitoring and mentoring role (see Chapters 1 and 2). As an example, one team leader met (teleconference) with each member of her 12-person team once every two weeks. These discussions would last from 15 minutes to an hour. The team leader covered the person’s contributions during meetings, recent reports made to the team, and other areas of improvements. Each member would discuss areas of improvements he or she would like to see in the far-flung team. As one leader remarked: “I have had to learn to be an active listener and passive controller.” Most of the team leaders we interviewed expressed surprise at how much of their time was spent on one-to-one virtual conversations with far-flung team members and consequently, how little they actually contributed to the actual task of the team. The very process that is taken for granted in collocated settings has to now be managed explicitly through the use of information technology. In addition, the leaders remarked on how they had to learn to pick up nonvisual cues through scanning of electronic discussions between team members and interactions during virtual meetings. Finally, team leaders of successful far-flung teams also remarked about having to play roles that they otherwise might not have in collocated context (e.g., proponent of information technology use by the team to enable the process of the team).

CONCLUSIONS

In summary, if leveraging globally dispersed knowledge resources for innovation is to become a core competency of knowledge-driven corporations,
then leading, managing, and leveraging far-flung teams is paramount to success. Companies need to deploy far-flung teams to leverage the cognitive diversity required for creativity and innovation. Managers and leaders of far-flung teams have to learn how to build trust, respect, and commitment to the team in the extreme setting of far-flung teams. The activities of far-flung teams have to be made visible for everyone in the company so as to create learning and growth opportunities. Emerging work practices that leverage an asynchronous–synchronous rhythm have to be established. Furthermore, such practices must not simply be integrated into the use of far-flung teams, but into the fabric of how projects, people, and the new knowledge-driven corporations are managed in general. Finally, the essence of what it means to lead is in itself evolving—the “command and control” approach is giving way to the “sense and mentor” relationship-centric way of leading. Nowhere is this change more evident and potent than in the extreme innovation-oriented settings of far-flung teams. The leaders of tomorrow will need to be adept at managing an extremely flexible and innovative, but extremely dispersed organization comprised of far-flung teams. Organizations that extensively leverage far-flung teams–based organizations will be responsible for sensing the slightest of shifts in supply and demand trends. Consequently, knowledge-driven corporations will be the first to capitalize on the fleeting opportunities such changes afford.

Our investigations allow us to glimpse the future of the knowledge-driven corporation in terms of networks of virtual teams around the globe. Clearly, open design is required to compete in the knowledge era. Those corporations that can get relevant knowledge from their far-flung people in the most rapid and efficient manner will become the first movers and often the only movers. With the half-life of new products or services shrinking at an increasing rate, knowledge becomes the driver of corporations that hope to be sustained.

REFERENCES


Far-Flung Teams and the Knowledge-Driven Corporation


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