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Linking Team Agility to Market Performance

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Many companies turn agile in response to the rapid changes in market, technology, and workforce. Surveys conducted by Deloitte and McKinsey showed that 90% of senior executives considered going agile as their high priority.⁴ At the end of the day, the ultimate goal of agility is to achieve superior market performance in dynamic environment.

An agile organization often consists of many small “amoeba” teams responsible for their

Surprisingly, there was barely any empirical evidence for the effectiveness of small amoeba team management, particularly because “end-to-end accountability” requires multi-source data from HR, Product and Marketing/Sales departments. Only then can we trace each individual member and establish a clear, logical link between team structure, product innovation, incentive design and performance outcome.

We aim to bridge the gap by examining agile teams taking the above interdisciplinary approach. We studied a leading online fast fashion company known for its amoeba team structure, with each team member assigned to a unique role: a designer for product development, a marketing-sales operator, and a supply-chain support. We tracked 58 amoeba teams over 12 accounting periods. On average, each team designed 24 SKUs per month and all together contributed to total sales of USD 130 million in that year.

We collected internal salary records, identified each teams’ monthly performance, and conducted survey questionnaires to all team members as well as their supervisors, we came up with three questions to watch for in small team management:

1: Understaffing: Is Small Beautiful?

Being small in size also means that each member counts, often with distinctive expertise and broad overlapping roles. On one hand, smaller team with deeper skill sets is

constant or even progressive bonus scheme (bonus rate increasing with sales achievement) would be more consistent with the amoeba culture.

2. Marketing Leadership or Product Leadership?

Furthermore, research has shown that greater market instability and market presence increase the value of marketing expertise, while larger organizations, organization instability and competition decreases its value.ⁱⁱ Therefore, as agile organizations respond to changing market demand much faster, one would expect that marketing expertise would play a

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Appendix

Fig

Team Size	Leadership Style	Pay Disparity	Team Performance (Score)
Small (5-10)	Autocratic	Low	85
Small (5-10)	Democratic	Low	90
Small (5-10)	Transformational	Low	95
Small (5-10)	Autocratic	High	75
Small (5-10)	Democratic	High	80
Small (5-10)	Transformational	High	85
Medium (11-20)	Autocratic	Low	70
Medium (11-20)	Democratic	Low	75
Medium (11-20)	Transformational	Low	80
Medium (11-20)	Autocratic	High	60
Medium (11-20)	Democratic	High	65
Medium (11-20)	Transformational	High	70
Large (21-30)	Autocratic	Low	60
Large (21-30)	Democratic	Low	65
Large (21-30)	Transformational	Low	70
Large (21-30)	Autocratic	High	50
Large (21-30)	Democratic	High	55
Large (21-30)	Transformational	High	60

	All Observations				Months without change in team members	
Design Leader	-379,404***	-0.14**	-375,616***	-0.15**	-357,673***	-334,478***

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ⁱ Accessed