



CO-LOCATION OF PROJECT TEAMS

HOW IMPORTANT IS CO-LOCATION TO THE SUCCESS OF PROJECT TEAMS?

There are differing opinions amongst managers as to whether or not having project teams co-located is important to their success. These opinions are often based on personal experiences and preferences, rather than objective research.

The purpose of this paper is to review the available research on this subject, outline our key findings, and provide practical guidance for managers and project teams to consider.

In summary, the research tells us:

FACE-TO-FACE COMMUNICATION MATTERS

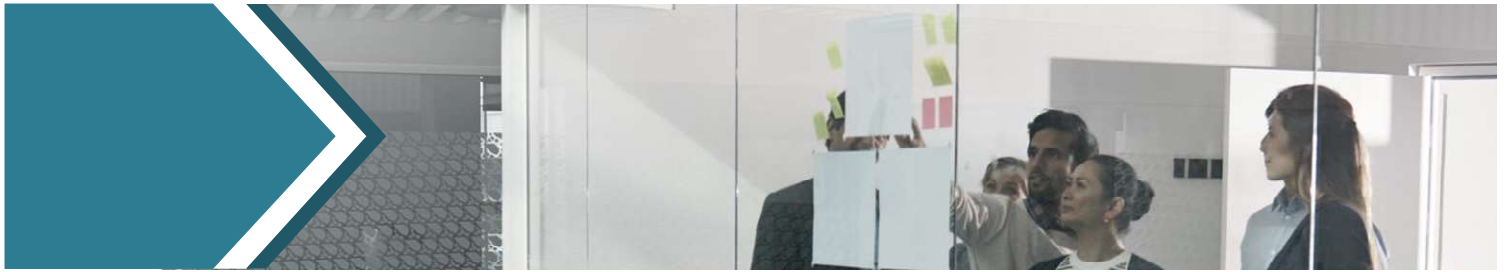
Being co-located or operating virtually does affect how the team communicates.

Not surprisingly, co-locating teams increases the occurrence of face-to-face exchanges, whether these are planned or unplanned¹. This is important as some authors suggest projects that have more frequent face to face meetings are more productive and enjoy better success^{2,3}.

The communications of project teams that co-locate are faster and more precise, as complex issues can be discussed better in person than over email or phone¹. Interactions are also more efficient as team members can communicate directly with one another; instead of having to formally set up meetings when operating remotely¹.

Improving the way information is shared and minimising communication barriers helps individuals reduce ambiguity, get oriented to the task, and build trust amongst themselves² – all of which is critical in a project's early stages.





CO-LOCATION ENCOURAGES COLLABORATION

There are a number of studies within the scientific community that complement the importance of increasing face-to-face communications, by showing how co-location encourages effective collaboration.

One study showed that temporarily or permanently co-locating individual scientists increased the likelihood of collaborative working relationships forming⁴.

Even more encouraging, a separate study found that the research of scientific teams that operated closer together carried a higher weight; compared to teams that were more spread out (in spite of modern technologies that enabled them to collaborate)⁵.

Despite this research focusing on scientists instead of project teams; it demonstrates how co-location helps promote positive and productive working relationships between independent professionals.



CO-LOCATION IMPROVES PRODUCTIVITY

The importance of frequent face-to-face communication and collaboration is reinforced by studies that have investigated the impact of co-location on key performance outcomes.

Authors of a study at a major aerospace company stated that enhanced communication (positive working relationships and increased face-to-face communications) was the reason their co-located teams achieved shorter lead times and higher productivity rates compared to non-co-located teams⁶.

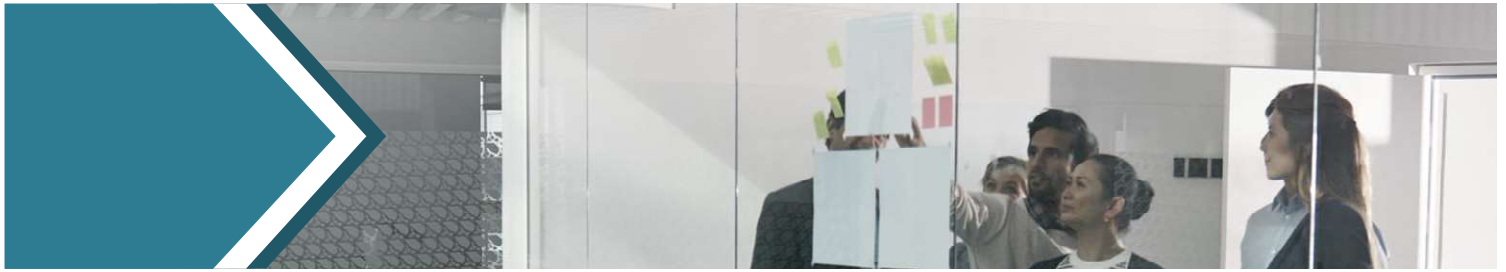
Similar findings from a survey of 82 firms demonstrated co-location increased the likelihood of face-to-face communication, which in turn increased the likelihood of new product development performing well to schedule².



CO-LOCATION IS USEFUL DURING PROJECT START-UP AND CLOSURE

It has been suggested that the best times for co-location are during the formation and closure of a project. This is to help facilitate the forming of the team and creation of ideas; and to enhance communications at a time where there are strong pressures to resolve issues quickly⁷.

The authors of this paper also suggest that the benefits of co-location may be more pronounced for projects that are highly innovative and complex. In the context of higher uncertainty, having project teams co-located will facilitate the better management of interdependencies and encourage rapid problem solving⁷.



MANAGEMENT STYLE IS IMPORTANT

A number of studies investigated the challenges of managing virtual teams. While no comparisons to co-located teams exist; this alternative perspective provides some useful insight.

The research indicates that where project team members are physically separated, management plays a key role in overcoming a number of challenges that hinder project success. These include being unable to see whether team members are prioritising the work to be done⁷, and the team not having a sense of collective purpose⁸.

This means that for virtual teams the Project Manager will need to have strong management disciplines in place to foster team spirit, ensure the team works effectively together, and that outcomes are effectively delivered.

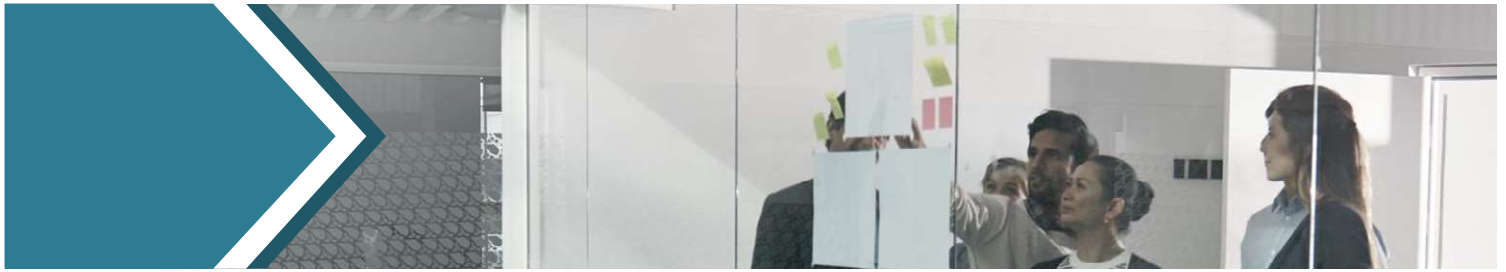
What may help is to select team members who are able to work well independently but also build relationships over distance⁹.

DRAWBACKS TO CONSIDER

While there are advantages of colocation, the main one being increased face-to-face interactions, there are some drawbacks to consider:

There is a risk, particularly with long projects, that co-located teams become isolated from the rest of the organisation¹⁰. This can result in a lack of co-ordination with other projects, and insufficient engagement with other experts across the organisation. It has been suggested that temporarily dispersing the co-located team back to their business units during the project will help mitigate these issues¹⁰.

Co-located project team members are also more likely to be interrupted or distracted by conversations around them when they are trying to focus on tasks¹¹. However, it is suggested that this issue is limited. Interruptions can help clarify issues across the team, and the number of unwanted interruptions will reduce as team members gain a better understanding of how to work with each other.



POSSIBLE MANAGEMENT RESPONSES

While the research provides insight into the influence of co-locating project teams, the reality is that doing this is never clear cut. We have provided some thoughts for consideration by managers who are unable to co-locate their teams.

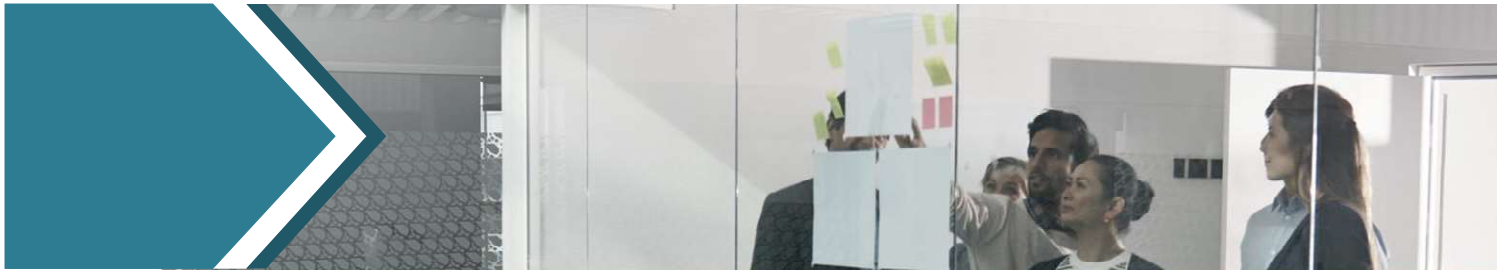
FACTORS THAT SHOULD INFLUENCE THE DECISION TO CO-LOCATE

Making a good decision about whether to co-locate a team depends on a range of factors, including:

- The level of importance collaboration will have on the team's success – for some businesses or projects effective collaboration will be only a minor factor whilst for others it will be critical.
- The cost of co-location versus the cost of a less timely, less productive, operating environment – there are times when co-locating a project team is simply too costly, despite the benefits it will bring.
- The organisation's capability in managing and supporting the unique requirements of teams who are not co-located. Virtual teams require different approaches to help them work effectively and technology is a significant enabler for this – technical 'luddites' will struggle.

FACTORS THAT SHOULD NOT INFLUENCE THE DECISION TO CO-LOCATE

- Poor leadership will not be ameliorated by co-location. An environment of trust, satisfaction and performance is critical for a team to succeed and co-location is certainly no guarantee that this will occur. Skilled and active leadership is crucial to team success, regardless of whether that team is co-located.
- Individual preferences about where people want to work or live should not overly influence a business decision about team location. These personal agendas are frequently disguised by superficial business reasons as to why one location is better than another.



CONCLUSION

The decision to co-locate a project team or not should be based on a clear understanding of its implications against the context to which it applies.

There is evidence that co-locating project teams helps foster enhanced communication primarily through increased opportunities for face-to-face interactions - and that this results in improved productivity. These benefits will be more pronounced in complex projects where high levels of uncertainty require the management of interdependencies and rapid problem solving.

If the decision is to **not** co-locate a team, face-to-face interactions remain important, especially in the 'start up' and closure stages of a project. Therefore, if you are unable to co-locate, ensure you find as many opportunities for face-to-face communication in these stages. Temporary, well-led, face-to-face interactions are likely to significantly enhance a 'virtual' team's ability to form high levels of trust and to communicate more effectively, particular under times of pressure.

ABOUT THE AUTHORS



KAREN TREGASKIS is the Director and Managing Partner of Tregaskis Brown, which she was instrumental in establishing in 2002.

Karen is a sought after advisor to executive teams on the governance and effective control of major programmes of change. She is valued by her clients for her ability to challenge their thinking and encourage fresh ways of looking at strategic issues.

Key clients have relied on Karen's expertise to re-design corporate and change governance models, improve the quality of investment governance and management, develop effective strategic and business plans and review underperforming areas of business.

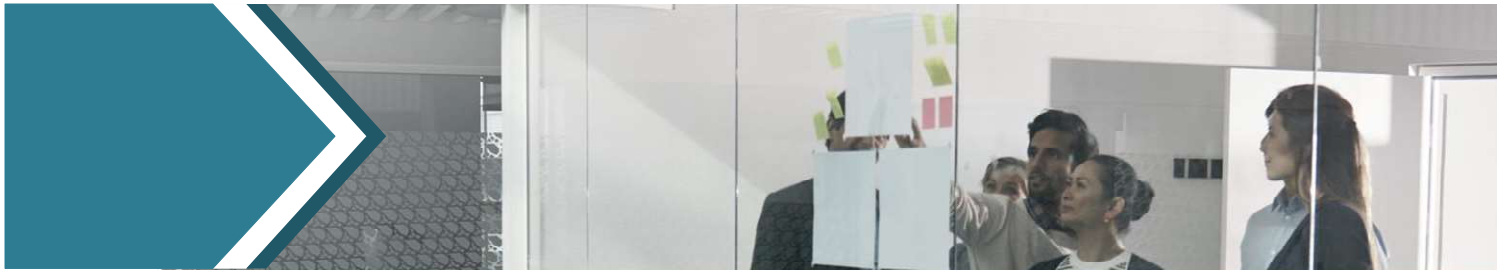
Karen is one of New Zealand's most experienced accredited ILM (Investment Logic Mapping) facilitators. She is known for her pragmatism and commitment to finding solutions that are right for the client.



JEREMY LY is an experienced consultant at Tregaskis Brown. He has an excellent reputation for getting to grips with detail quickly and providing sound advice that allows others to focus on making effective decisions.

Jeremy has supported clients with the development of strategic plans, business cases, service design processes, and reporting tools.

Clients appreciate his personable approach and the dedication, rigour, and resourcefulness he offers to complete the task at hand. He comes from the health industry where he started his career as a clinical pharmacist, before moving into health management and consulting.



ENDNOTES

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