

The Cost of Failing to Optimize Your Teams

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Teams are an increasingly vital asset, yet HR systems often ignore them

Is teamwork among your assets? It's not recorded in formal financial statements, but teams are vital in achieving your strategic and financial goals. Your strategies increasingly depend on creating the right combination of interdependent performance from many people in many different jobs. Yet, typical HR systems are not built to optimize teams.

I encourage leaders to [“retool”](#) HR issues like team optimization using traditional management models. If the team optimization dilemma sounds familiar, it's similar to a classic optimization question taught in every business and engineering program: How to choose the optimal combination when each component has a unique set of features. A variant called the [“Diet Problem”](#) was one of the first optimization problems studied in the 1930's and 1940's. The U.S. Army wanted to minimize the cost of feeding GIs in the field while still providing a healthy diet. Given a set of foods, and the nutrient information and cost per serving for each food, the diet problem is to select the number of servings of each food to minimize the cost of the food while meeting the nutritional requirements.

Team optimization is not unlike the diet problem and its ilk. You want to optimize the combination of people on the team, considering the value each person's unique contributions and the cost (in time and money) of assigning them to the team. As with nutrition, some team members might even act as catalysts to enhance the value of others, just a certain enzyme might act as a catalyst in a nutritional equation.

Consider “extreme programming” in software development. The name conjures up [coders carrying their laptops as they skydive or cliff jump](#) The concept actually describes software development that breaks the tradition where each stage (planning, needs analysis, design, develop, test, release, maintain) is separate and must be completed before the next stage begins. Extreme programming uses rapid prototyping, [where the stages often occur together and fast](#), producing a series of imperfect prototypes that are incrementally improved by teams of users, designers, planners, testers and developers working together. This can increase [agility and speed](#), and it pivots on teamwork.

Innovation strategies, inorganic growth and new market entry often hinge on how effectively your product developers collaborate with your customers or users. Tasks require different configurations of capabilities and characteristics. Traditional software development, using a sequence of independent tasks, might be optimized by having the best expert in every job, but rapid prototyping might be better optimized by accepting lower levels of individual expertise in some areas if you can get greater collaboration. Or, it might be optimized by using one capability as a catalyst. For example, when collaborating with users, it may be less necessary to have the best designer, if instead you can get a pretty good designer that is a catalyst for getting users to share their best insights.

Do your HR systems track collaboration skills or the trade-offs between individual expertise and catalytic combinations? Typical HR systems don't. It's not because HR leaders aren't aware of them, but HR systems are still built on a structure developed when individual employees working mostly independently in particular jobs. Today's HR systems can analyze the skills, pay and training of individuals, or map the individual positions in your organization, or generate position-specific reports on the number of employees, turnover rates, pay ranges and skill levels and requirements.

Yet, when you create a team combining particular individuals from particular positions, nothing changes in most HR systems, because the same individuals are still in the same jobs. Yet, success lies in the gray area between the individual team members and their individual jobs. One consulting firm, [PearlHPS](#), recounts their initial attempts to predict organizational performance by looking at the traits of the CEO (one person in one job), found disappointing results. Then they realized looked at the second- and third-level teams below the CEO, and found that their teamwork competence, goal alignment and continuity was a much better predictor of organizational effectiveness.

CFO's and HR leaders should demand and build HR systems that reflect not only individuals and positions, their potential combinations. [Decades of research](#) exists to measure vital elements of teamwork and team configuration, but not much of it shows up in today's HR information systems. We need systems that treat teamwork as something to be optimized.

By the way, [how did the military solve their GI nutrition problem?](#) In 1939, George Stigler made an educated guess for the cost of an optimal diet of \$39.93 per year (1939 prices). In 1947, the National Bureau of Standards took on the problem as the first "large scale" computation in optimization. It was a linear program of nine equations in 77 unknowns, and took nine clerks using hand-operated desk calculators 120 man days to find the optimal solution of \$39.69. Stigler's guess was off by only \$0.24 per year!

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