Spotlight

ARTWORK Jules de Balincourt
Ecstatic Contact, 2012, oil, acrylic, and spray paint on panel, 96″ x 120″

Making Star Teams Out of Star Players

Here's how smart companies deploy their best people to get great results. *by Michael Mankins, Alan Bird, and James Root*

WHEN IT COMES to an organization's scarcest resource—talent—the difference between the best and the rest is enormous. In fields that involve repetitive, transactional tasks, top performers are typically two or three times as productive as others. Justo Thomas, the best fish butcher at Le Bernardin restaurant in New York, can portion as much fish in an hour as the average prep cook can manage in three hours. In highly specialized or creative work, the differential is likely to be a factor of six or more. Before becoming chief justice of the U.S. Supreme Court, John Roberts prevailed in 25 of the 39 cases he argued before the Court. That record is almost nine times better than the average record of other winning attorneys (excluding solicitors general) who have argued before the Court since 1950. (For other examples of star productivity, see "What 'A' Players Bring to the Table.") Across all job types, we estimate, the best performers are roughly four times as productive as average performers. That holds in every industry, geographical region, and type of organization we've examined.

Why, then, do companies so rarely bring together a team of star players to tackle a big challenge? The easy answer—indeed, the conventional wisdom—is that all-star teams just don't work. Egos will take over. The stars won't work well with one another. They'll drive the team leader crazy.

We think it's time to reconsider that assumption. To be sure, managing a team of stars is not for the faint of heart. (The conventional wisdom is there for a reason.) But when the stakes are high—when a business model needs to be reinvented, say, or a key new product designed, or a strategic problem solved—doesn't it seem foolish not to put your best people on the job, provided you can find a way to manage them effectively?

We have seen all-star teams do extraordinary work. For example, it took just 600 Apple engineers less than two years to develop, debug, and deploy

OS X, a revolutionary change in the company's operating system. By contrast, it took as many as 10,000 engineers more than five years to develop, debug, deploy, and eventually retract Microsoft's Windows Vista.

Common sense suggests that all-star teams would have two big advantages:

Sheer firepower. If you have world-class talent of all kinds on a team, you multiply the productivity and performance advantages that stand-alone stars deliver. Consider auto-racing pit crews. Kyle Busch's six-man crew is widely considered the finest on the NASCAR circuit. And each member is the best for his position—gas man, jackman, tire carriers, and tire changers. Crew members train together year-round with one clear goal in mind: to get Busch's #18 racer in and out of the pit in the shortest possible time. The crew can execute a standard pit stop—73 maneuvers, including refueling and a change of all four tires—in 12.12 seconds. Add just one average player to Busch's crew—say, an ordinary tire changer—and that time nearly doubles, to 23.09 seconds. Add two average team members to the mix, and it climbs to well over half a minute.

Synergy. Putting the best thinkers together can spur creativity and ideas that no one member of the team would have developed alone. The blockbuster movie *Toy Story*—the top-grossing film of 1995—wasn't the product of one visionary filmmaker. Rather, it was the result of an often prickly but ultimately productive collaboration among Pixar's top artists and animators, Disney's veteran executives (including Jeffrey Katzenberg, then head of the film division), and Steve Jobs. The Pixar team originally presented Disney with what Katzenberg deemed an uninspiring tale. A major revision—far more edgy, at Katzenberg's insistence—lacked the cheeriness essential to a family movie. Finally the all-star group came up with something that satisfied everyone on the team—and that would later be dubbed by *Time* magazine "the year's most inventive comedy."

> Putting the best thinkers on a team together can spur extraordinary creativity.

To do their best, alpha teams need leaders and support staff who are all-stars too. Extremely talented people have often never worked for someone they can learn a lot from; in our experience, most relish the opportunity and pull out all the stops. And high-caliber subordinates allow team members to accomplish more. A gifted administrative assistant, for example, requires less direction and competently shoulders many routine tasks, so the other team members can focus on what they do best.

Let's look at what else you need to have in place before you even think about putting together a star team. We'll also examine what kinds of work these teams are best suited for and how to manage the very real difficulties they may present.

THE TABLE STAKES

Good Talent Management

A surprising number of companies don't follow basic best practices for talent management. Without these in place, there's no hope of making all-star teams effective.

Understand where your strengths are. Companies that are good at managing "A" players keep comprehensive, granular data on where their people are currently deployed, what those people do, how good they are in their current roles, and how transferable their skills may be. The companies use that information to continually improve their staffing resources and deploy them more effectively. Take AllianceBernstein (AB), a $3 billion asset management company based in Manhattan and a leading equity research firm. The firm carefully rates each of its 3,700 employees every year along two dimensions: performance and potential. The senior team at AB spends several days together each year cross-calibrating both sets of ratings across the entire company.

It's also critical to understand employees' ability to fill roles outside their current one. When Caesars Entertainment, the gaming company, reorganized operations in 2011, the senior team not only developed a database on the performance and potential of the company's top 2,000 managers but also analyzed the ability of the top 150 to take on new and different jobs.

Finally, watch out for talent hoarding. In too many organizations, star players are confined to a division, hidden from the leaders of other divisions. But no company can deploy talent effectively if it doesn't treat its best people like a shared asset rather than the property of a particular unit.

Idea in Brief

The conventional wisdom is that “A” players don’t work well together—but the experience of companies like Apple, Boeing, and Pixar suggests otherwise. All-star teams can work if the right components are in place:

Good talent management programs. Know where your best people are, how to hold on to them, and where the next generation is coming from.

Mission-critical projects. Don’t waste your heavy artillery on an initiative unless it’s wildly ambitious and extremely important.

Tough-minded leadership. Provide these teams with all-star leaders, ambitious goals, and incentives that reward teamwork.

Don’t create disincentives for teamwork. Some companies’ performance assessment methods get in the way of team success. Microsoft is an example. For many years the software giant used a “stack ranking” system as part of its performance evaluation model. At regular intervals, a certain percentage of any team’s members would be rated “top performers,” “good,” “average,” “below average,” and “poor,” regardless of the team’s overall performance. In some situations this kind of forced ranking is effective, but in Microsoft’s case it had unintended consequences. Over time, according to insiders’ reports, the stack ranking created a culture in which employees competed with one another rather than against other companies. “A” players rarely liked to join groups with other “A” players, because they feared they might be seen as the weakest members of the team.

Own the pipeline. When big strategic goals are involved, a company often finds that it needs capabilities it doesn’t have. The wise leader anticipates this problem by actively and continually looking for talent. The individuals responsible for executing strategy must have an ownership stake in this recruiting process, because talent is always a key component of strategy. Yet many companies continue to subcontract recruiting wholesale to the HR department and professional search firms.

PLAY YOUR BEST HAND

Choose Mission-Critical Projects

We don’t recommend putting together an alpha team for small projects. They’re not worth the trouble or the opportunity costs. Save such teams for initiatives that have clearly defined objectives and are critical to the company’s strategy. Product development efforts often fit this category, and others may as well.

Boeing’s 777 airliner provides a good example of what a star team can achieve in product development. Back in 1990, Boeing recognized that it had an important gap in its offerings: It had no airplane positioned between its jumbo 747 jetliner and its midsize 767 model. To address this gap, Boeing assembled a team of its best engineers.

The design effort was different from anything the company had previously done. To be sure, there were other important factors in its success—direct input from customers, new use of technology—but it took these alpha players to master the project’s extreme complexity and bring it together. The basic design was completed in less than four months. The plane entered service in less than five years. By assembling its engineering stars and having them work side by side with customers, the company was able to launch what many industry analysts view as the most successful airplane program in commercial aviation history, with nearly 950 aircraft in service today. Moreover, Boeing got the 777 to market faster than any other major plane before.

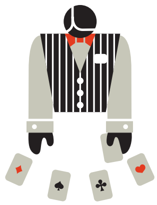
Product development projects aren’t the only promising opportunities for all-star teams. Sometimes a functional overhaul rises to the level of strategic importance, as it did for Caesars Entertainment, which operates casino properties throughout the world, mainly under the Caesars, Harrah’s, and Horseshoe brands. Prior to 2011, Caesars’ marketing budget was managed jointly by the company’s 42 U.S. properties, with each casino’s marketing organization determining what promotions to offer, when to offer them, which customers to target, and so on. The trouble was that marketing performance varied greatly: The success rate for the best properties was nearly four times that of the average property. Starting in 2011, the company assembled a team of six “pod leaders” to direct marketing spending for its properties in the United States. The team, drawn from the company’s most experienced marketers and comprising individuals with a wide range of exceptional skills, completely revamped Caesars’ promotions. It eliminated overlapping promotions. It tested new promotions at one property before

What "A" Players Bring to the Table

Some people argue that talent is overrated. But our estimates, based on evidence from a variety of industries, suggest that star employees outperform others by a country mile:

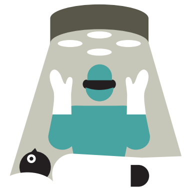
THE BEST DEVELOPER
at Apple is at least nine times as productive as the average software engineer at other technology companies.

THE BEST BLACKJACK DEALER
at Caesars Palace in Las Vegas keeps his table playing at least five times as long as the average dealer on the Strip.



THE BEST SALES ASSOCIATE
at Nordstrom sells at least eight times as much as the average sales associate at other department stores.

THE BEST TRANSPLANT SURGEON
at a top-notch medical clinic has a success rate at least six times that of the average transplant surgeon.



rolling them out systemwide. It focused investments on promotions that had a demonstrated track record of generating profitable revenue. Transforming the company's whole marketing effort in this manner was a difficult, complicated task that might easily have overwhelmed a less skilled team. Yet the results were dramatic: The number of unprofitable promotions across Caesars declined by more than 20%, and the incremental profit generated by the average promotion increased by more than 10%.

MANAGE THE ODDS

Anticipate What Could Go Wrong

Even if you have excellent talent management practices in place and you've loosed your all-star team on a well-defined, strategically relevant problem, you may still face challenges. Here's what to watch out for, along with some tips for avoiding problems.

Big egos, little progress. Egos can get in the way of team performance. But they don't have to. In 1992, America's first "Dream Team"—made up of the very best basketball players in the NBA—swept the Olympic Games in Barcelona, defeating its opponents by an average of 44 points. This team succeeded because the goal of representing the United States with honor at the Olympics was bigger than any one player. It also helped that team performance was the basis for members' rewards: Nobody was going to get an individual medal. These are two points that organizations creating all-star teams should keep in mind. They should also prune anyone who isn't a team player from the group, regardless of how good that person may be.

Overshadowing the rest of the cast. The use of "A" teams can lead to a system in which only the best feel valued, thereby demoralizing average performers. One antidote is to ensure that everyone shares in the "A" team's achievements. George Clooney and the rest of his all-star cast on *Ocean's Eleven* created an environment where cast and crew reveled in their mutual success. Reportedly, most crew members were so pleased with the experience that they sought to sign on for *Ocean's Twelve* and *Ocean's Thirteen.* Other ways to keep "B" players engaged include recognizing performance, whether it's mission-critical or not; using a common performance evaluation system for stars and nonstars; and establishing common rewards shared by all involved.

Great team members, mediocre leaders. All-star teams headed by poor leaders can produce mediocre results. Imagine a chamber orchestra made up of virtuosos—think Itzhak Perlman, Gil Shaham, Yuri Bashmet, Yo-Yo Ma, and their peers—but conducted by an amateur. The 12-instrument arrangement of Stravinsky's Concertino might never recover. To avoid this scenario, an organization should invest as much time in picking team leaders as in picking members, ask members for feedback on the leader early (and often), and not be afraid to switch generals or even to promote a team member to leader.

ASK ANY GROUP of senior executives about which resources they don't have enough of, and they are likely to acknowledge that star talent is one of the scarcest. Then ask them how confident they are that their companies deploy and manage their best players to have the greatest impact on the bottom line, and they will probably express reservations. Is it possible that executives are overlooking one powerful tool that could help them achieve that goal?

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