Development of the Talent Optimization Index (TOI™): Methodology, Findings, Validation and Next Steps

Margaret J. Wagner, PhD

November 10, 2021

Teams have become increasingly important to business results to meet demands for responsiveness, agility, speed, and innovative solutions. While organizations recognize the significant business impacts achieved by their high-performing teams, these teams are few and far between.

In our practice, spanning over 25 years of work with over 500 leaders and teams, we have observed significant shifts in the demands and expectations of teams, corresponding with the increased demands of businesses. Teams today need to do more than achieve team goals on time and on budget; teams are expected to maximize the productivity of every resource, minimizing costs and time-to-completion.

Most efforts to improve team performance focus on improving team effectiveness, or "becoming a team". The assumption is that improving elements of team effectiveness should, in turn, improve team performance results. However, increased team effectiveness surveys do not correspond directly with significant jumps in team performance results. The reality is that a team can excel at collaboration but still fall far short of delivering on performance results.

Perhaps the most widely known team development model is Tuckman's *Forming-Storming-Norming-Performing* model, introduced in 1965[1]. Over a half a century ago, the pace and information flow were slower and team composition more stable. It was also a time when the greatest challenge of team leaders was developing cooperation and harmony among team members.

Team leaders today have a different challenge: building teams that achieve their full performance potential. This is a different problem to solve for and it requires a shift in perspectives. First let's recognize that team performance is dependent on the performance of the individual team members. Teams reach their top performance level by optimizing the performance of each team member.

Initial Research

Five years ago, we were engaged to work with 10 teams in the Technology division of Fortune 50 organization. The technology division had recently installed major system upgrades, streamlined processes, and invested in employee training and team effectiveness workshops. Intent on realizing the return on these investments, team performance and productivity were tracked daily. Individual team members logged their hours, their activities, and their results.

While most every team achieved or even exceeded their performance goals, the contributions of individual team members varied significantly. We conducted 1:1 interviews with team members from all ten teams to understand the factors that impacted their personal productivity and performance.

While team situations differed, a consistent theme emerged. Individual team members performed at their best when they perceived that they had the opportunity to make a valuable contribution to team goals and their contributions were recognized by others. Individual team members assigned to work that did not require or allow them to make a unique, valuable contributions did not see the point in putting forth more than the minimum effort.

In some cases, individual team members reported that their skills and capabilities were redundant with other team members' skills. Rather than competing to be the "expert", they disengaged. In other cases, the work assigned to them was so routine it did not require more than the "bare minimum" effort.

Insights from the IT team members led us to consider a different approach to improving team performance. Instead of measuring teams in the aggregate, we wanted to identify the elements of team environments that impact individual team member engagement, productivity, and performance.

Development of the Talent Optimization Assessment

We researched the literature on team effectiveness, employee engagement and individual performance motivation [1,2,3,4]. We continued gathering data by conducting focus groups and interviews with over 100 team members in three different companies. We referenced the research literature to analyze and categorize our data and identified six elements impacting individual team member performance:

Clarity – the team's goal is important and impactful. The goal is challenging, but with the right resources, achievable. Measures of of progress and metrics of success are clearly stated

Capabilities – The team member's unique skills and capabilities will make a valuable contribution to the work of the team

Capacity – The team member has the time, tools, and energy to participate fully

Climate – Team members understand the unique talents of each team member and the value they bring to the work of the team

Calibration –The team members monitor progress regularly to address obstacles and improve productivity and performance

Connectedness – the team leverages technology and information sharing tools efficiently and effectively within the team and with team member networks outside of the team

We developed an initial set of 50 survey items measuring these six elements. The Talent Optimization Assessment asked team members to describe their personal experiences on the team, which is different from team effectiveness surveys that ask team members to describe the team's characteristics.

<table>
<tr>
<td>

Talent Optimization Survey Items

- I help other team members solve problems and resolve issues.

- I know what other team members are working on and how they are contributing to the team's progress.

</td>
<td>

Team Effectiveness Survey Items

- Team members help one another deal with problems or resolve issues.

- Our team has mechanisms in place to monitor its results.

</td>
</tr>
</table>

We tested our survey by administering it to team members in 8 teams. We calculated the Talent Optimization Index Score by averaging the survey scores of each team member. For this sample of teams, we found the team Talent Optimization scores ranged from 30 – 70. We conducted focus groups with team members to gather their feedback on each of the items and the six elements.

The Talent Optimization Continuum – Our Conceptual Model

Our goal was the development of a Talent Optimization Model linking Talent Optimization Index (TOI™) scores to team environments and business results. We asked team members to describe the environment of their current team and the environments of the best and worst teams they had ever been a part of. Next, we asked the team members to describe the business impact of team performance results for each of the team environments. This data helped inform our conceptual model.

We developed the Talent Optimization Continuum model, below, then vetted our conceptual model with team sponsors, stakeholders, and team leaders. We received positive feedback from all stakeholders, supporting our view that the best teams optimize the talents of every team member to drive top team performance results.

Talent Optimization Continuum				
Talent Optimization Index Score				
Depleting	**Diminishing**	**Utilizing**	**Multiplying**	**Optimizing**
0 20	40	60	80	100
Team Environment				
Conflict & Confusion Team goals are unclear. Talents of team members unknown. Time and energy are spent doing the wrong things.	*Conformity & Compliance* Team leader directs and supervises. Team members do not have the opportunity to leverage their talents.	*Coordination & Cooperation* Team members work together on tasks to be done. Some of the talents of team members are leveraged.	*Collaboration & Solutions* Team members connect and collaborate to leverage their complementary talents achieving far more than any individual could achieve alone	*Creativity & Innovation* Team members maximize the collective intelligence and creativity of each team member, achieving breakthrough solutions
Business Impact of Team Performance Results				
Team members' requests of others negatively impacts the productivity of other teams.	Duplication and redundancies result in low productivity; results have limited impact.	Team delivers slight, incremental improvements in business performance results.	Team delivers results that lower operating costs and/or drive revenue growth.	Team delivers strong "bend the curve" business performance results.

# Validation of the Talent Optimization Index

The pandemic increased the urgency to improve individual and team productivity and performance. It also provided us with the opportunity to validate the TOI™. We refined the survey items based on the feedback we received from our initial pilot group and created the Talent Optimization Index (TOI), comprised of 36 items assessing six practices or elements of team performance.

We administered the TOI™ to a total of 12 teams in two companies in the healthcare industry. We gathered team performance data from the sponsors and business leaders of the teams. Business leaders evaluated to business impact of team results considering the total costs to achieve those results.

Team performance metrics included relevant quantitative data for each team (e.g., sales, cost reductions, error reductions, production results). Business leaders also assessed the team's total costs by evaluating the cost of the team resources, including hours worked and salary costs of team members and external resources used as well as the length of time taken to achieve the team results.

Team performance metrics were standardized to a 5-point scale. The TOI scores of the 12 teams ranged from 43 – 80. Team performance scores ranged from 1.5 to 4.2.

The scatterplot below illustrates the relationship between the team TOI scores and team performance results.
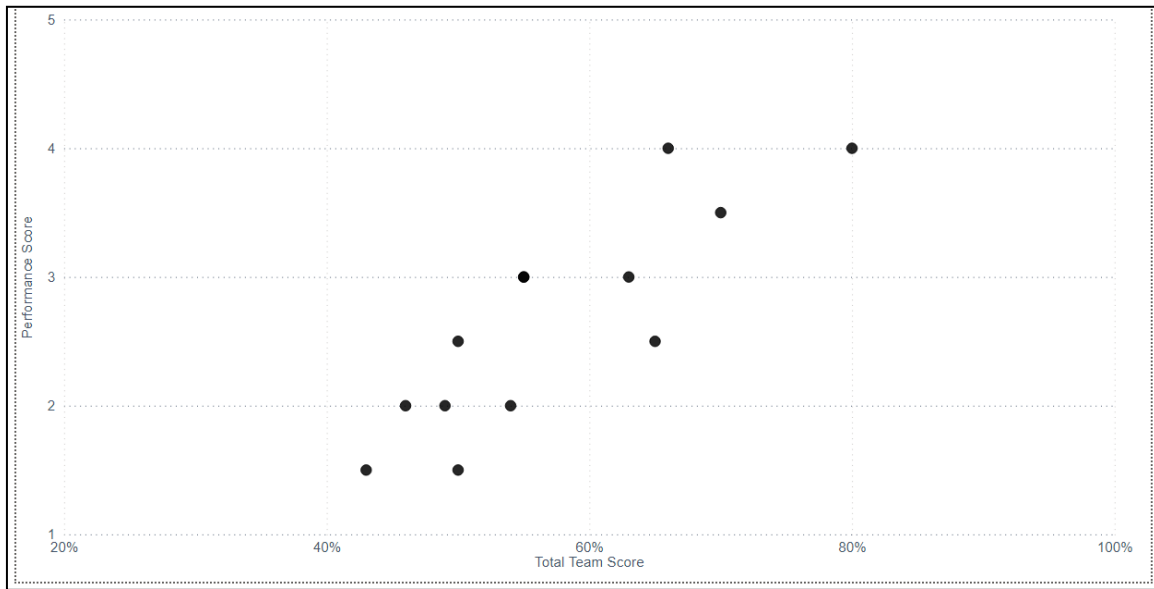
While our initial data consists of a small sample of teams, our preliminary findings support our conceptual model and hypothesis that optimizing the talents and contributions of individual team members leads to stronger team performance results.

The response from the teams we have worked with to date has been quite positive. Team sponsors and business leaders found the results to be a powerful tool to identify areas for their own action items and found the data to provide insights about their team leaders they had never seen before. Team leaders found the data provided actionable insights and "early wins" that led to significant improvements in team productivity and team performance results.

We recognize the limitations of this small sample of teams and at the same time we are encouraged by our initial results and have initiated a broader study. As our database grows from a dozen teams to dozens of teams (and, we hope, far beyond!) we expect that as organizations scale the TOI to improve team performance, they will better optimize the talents of every employee.

Teams provide the opportunity to meet the uniquely human needs of achievement, mastery, belonging and purpose. Addressing these needs has never been more important to the success of organizations and the well-being of employees.

If you are interested in participating in a team research study or learning more about the TOI and how it can help you identify areas to accelerate your team performance, please contact us.

Margaret (Peggy) Wagner is an I/O Psychologist and the Founder and Managing Principal of Optimizing Talent, LLC. For more information, visit www.optimizingeverytalent.com

References

1. Tuckman, B. (1965). Developmental sequence in small groups. *Psychological Bulletin, 63,* 384-399.
2. Katzenbach, J and Smith, D. *The Wisdom of Teams.* Boston: Harvard Business School Publishing, 1993.
3. Hackman, J.R. & Hackman, R.J. Leading Teams: Setting the Stage for Great Performances. Boston: Harvard Business School Publishing, 2003.
4. Herzberg, F. "One More Time: How do you Motivate Employees?". *Harvard Business Review.* January 2003.