The Essentials of Great Innovation Teams,
Part I: The Invisible Talent Gap
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We all know that great work is critical in capturing value, and great talent is a critical capacity to setting up the right conditions for that great work. As we explore in this three-part *Executive Update* series, the team is the fundamental unit of organizational work, not the individual. But the ways we manage our teams — and thus our talent — often set us up for systemic gaps and increasing challenges (versus continuous improvement) over time. Today's executives face two ongoing complex problems: business strategy and people leadership. The invisible nature of these talent issues makes solving them a strategic need through HR capacity building over time.

At the onset, essential team conditions need to be set up well and are tenaciously difficult to fix later if not already present. Having the right talent is one such essential condition, which simply means that the team has the skills needed to do the work and also that the team is sufficiently diverse (but not too divergent) to share perspectives and make quality decisions. However, not all organizations are strategically ready for the problems of finding and selecting top talent, accurately understanding what roles that talent will fill, or building up their own leadership competencies internally. The shift toward agility has only accelerated this need and set the bar for innovation even higher.

Our often individual-focused approach to HR deeply fails in helping to design great teams, which cooperatively excel in task output, satisfaction, processes, and learning. Helping parse apart the three team lenses of the individual (10%), team/group (30%), and, finally, strategic and organizational (60%) factors helps boost the effectiveness of any interventions by letting us understand what parts of this complex system we should focus on (and reminding us to stop setting false expectations and blaming individuals for what are actually group processes and structural strategic issues). Essentially, long-term needs often are best solved at the team or organizational level.

Tiny, Yet Mighty

As organizations get tinier yet mightier, they can do more with less staff (especially so the more tech-enabled the processes and the more well-trained the human capital). This pushes down to ever-smaller firms the need for great HR practices, which generally grows as organizations grow. Thus, those great practices need to start earlier at smaller firms. Strategic HR and organizational design are no longer just for medium-sized-to-large enterprises, given that engagement starts to decline in an organization as small as 25 staff members. Employee engagement must start sooner than you think, and sooner still than you'll likely have a dedicated HR unit (often at 75-100 staff). Deploying solutions to these invisible talent gaps requires weaving great HR practices into normal operations and into the strategic scope of other executives — often COOs, CIOs with an internal focus, chief HR officers, chief people officers, and chief culture officers.

The Four Horsemen

In striving to be more capable and data-driven to meet strategic HR needs, organizations encounter many problems, most of which exist at deeper process and structural/strategic levels, making the challenges they present complicated. Most common are the "four horsemen" of not-so-strategic HR: (1) convenient hiring, (2) overemphasizing seniority, (3) requirements inflation, and (4) poor team design. While perhaps not apocalyptic, each can derail an organization's attempt to establish great innovation teams. Luckily, as we explore in the following sections, each has worthwhile long-term and immediate (short-term) solutions.

1. Convenient Hiring

Most organizations hire out of convenience. Without good selection and assessment tools to find the right talent, their efforts are blind and biased. Many firms cannot reliably attract the right talent, and it is doubly hard to determine if this is an issue if (the wrong) candidates are still providing a sufficiently large pool from which to pick: which bad apple would you like? Behavioral interviewing attempts to remove interviewing and managerial bias but still provides no better quantitative evidence with which to make decisions.

Long Term: Your Talent Attraction Needs Work

At the organizational level, play up your best cultural wins and know your industry labor norms. Most organizations would not expect new sales without marketing efforts beforehand, so why should they expect to attract and hire top talent and leadership potential when they are not trying hard enough to find such people (or making it easier for qualified people to find matching organizations)? Just as a marketing campaign has an overall message and a call to action about what to do next and leverages multiple channels to reach leads, a robust recruitment strategy does the same. Moreover, cutting-edge companies seem to be able to save costs here by using social media channels that play up their innovative and ethical culture — a lovely reminder that to be in business for people and planet, as well as profit, is, ultimately, good business!

Good practice is to keep worthwhile résumés (of candidates who meet role requirements) on file for six to 12 months. Letting candidates who made it to the final selection rounds know that they just barely missed a job offering and encouraging them to keep trying helps keep them interested and allows your organization to create a shortlist. Organizations should also check where their pay rates are relative to industry norms (annually is fine), with the general wisdom being to simply match the norm or, for those organizations seeking talent for which there is more competition, bumping up the offered pay rate.

Short Term: Are We Selecting for Threshold Abilities or Developing Talent Over Time?

At the individual level, set clear standards you can measure without bias. Look at the individual factors needed to perform the job and determine how stable or how "plastic" they are (essentially, fixed or changeable). Assessments and psychometrics can help you here, like a version of the Big Five personality traits test, the Criteria Cognitive Aptitude Test (CCAT) to examine cognitive ability, or another tool to assess any trait, competency, or ability relevant to the role you'd really want to know about to ensure good performance.

When dealing with stable traits, we simply want to determine the minimum threshold, such as for over-all cognitive capacity or specific personality traits needed, and select for any candidates who meet that minimum. For example, a CCAT score of 28 out of 50 might be sufficient for a marketing manager, or a Big Five neuroticism score in the lower 50th percentile for a heavily customer-facing role. When dealing with plastic skills or competencies that could be developed over time, consider how much training support the new hire would be given and look for rough indicators of transferable skills.

For a job best suited to an individual that matches many specific traits and competencies, consider creating a scoring system to help fairly and quantitatively compare many candidates at once across multiple skills and areas (but with the knowledge that any rules-based system has limits and can be gamed by applicants). This process of creating a scoring rubric will highlight just how many traits the organization has identified as applicable to the job and will create a larger space for better decisions by making it easier to differentiate between what truly is essential versus what is preferred.

2. Overemphasizing Seniority

Organizations often promote based on seniority and, in doing so, overvalue time spent in a given role. Instead, organizations should look at variables such as actual past performance, the results of a 360-degree appraisal from peers or from clients, or assessed competency fitness for the new role. Seniority is a poor indicator, especially when the managerial and strategic executive demands of the position being hired for are mismatched with the demands of the candidate's current role — the essence of "what got you here won't get you there." Overvaluing seniority acts against employee engagement, since the organization is signaling to everyone who will (and won't) end up promoted that the decision is a foregone conclusion and already pre-decided based on seniority. According to David Rock's SCARF model, this is a clear violation of

fairness, meaning that it's no wonder staff lose organizational trust (i.e., psychological safety) and disengage over time. Large enterprises and public sector organizations are particularly sloppy in using seniority in lieu of better data to drive promotion and succession decisions.

Long Term: Your Leadership Development Programs Need Work

At the organizational and team/group levels, track development and show the value of transferable skills and emotional intelligence (EQ). Let's face it: the only reason organizations are so inclined to select the next manager based on seniority is because they are not seeing enough potential hires with leadership talent and are hoping that finding a few staff with long tenure is good enough. It's not.

Organizations in this position need a better leadership development program. Such a program is the *perfect* place to assess and track development of EQ competencies (e.g., the ability to navigate emotions in difficult situations, conceive many good and resilient futures for the organization, or set up big win-win goals) and strategic leadership competencies (e.g., contextual thinking and decision making in VUCA [volatility, uncertainty, complexity, and ambiguity] environments or the ability to take in complex evidence or persuasively debate strategy). Individuals' abilities in these and other areas can change over time and should be assessed every six to 24 months, depending on the assessment tool. Seeing how much employees build up these competencies over time speaks to a true mark of their intelligence: how fast and thoroughly they are able to learn. The nature of an organization's leadership development program should still speak to the specific technical skills and competency levels the different management and executive roles require but standardizing the stack of psychometric assessments used means the organization can now compare "apples to apples" over time and role to role.

Short Term: Dredge Up the Toxic Leaders in Your Organization

At the individual and team/group levels, know who's causing toxicity and value input from colleagues in confirming these consistent performance issues. While good managers bring out the best in the direct reports that make up their team and good executive leaders can do so with an ever-growing number of direct and indirect relationships, toxic staff do the opposite, undermining everyone's performance, eroding trust, and grinding engagement to a halt — in effect, making any good change impossible. Whether useless know-it-alls or Machiavellian brutes, toxic staff make real work everyone else's responsibility, yet also manage to weave themselves into key roles. Indeed, an organization is better off removing one toxic manager than adding one more "great" manager.

With the growing modern awareness of mental health and wellness, bullies are generally no longer tolerated; managers that drive their staff to burnout aren't far off. So how can organizations spot a toxic leader? Anything that looks at social context really helps, whether a 360-degree assessment, a niko-niko calendar of team members' feelings, patterns of which teams/departments have the highest turnover, or

an actual social network map or communication flow map. The point here is to find data that toxic leaders can't fake or spin and that comes from those who work with them.

How else to spot a toxic leader? Narcissists and chronic victims may be able to manipulate feelings or expectations in the moment, so evaluators need to truly think for themselves and return to what other data points tell them. Over time, the delta between toxic leaders' self-serving bias and reality will become larger, and the emotional demands they continually make of others clearer. Innovation is a team sport in which organizations need all team members at their best. To make your organization a place where everyone can thrive, it's crucial to root out sources of toxicity.

3. Requirements Inflation

Unclear job postings that inflate the qualifications required for a position are anywhere from somewhat to totally inaccurate. These beget fluffed-up résumés overstating the candidate's real capabilities and credentials, and the arms race continues. Organizations and candidates alike constantly talk past each other, leaving organizations with less and less real data to make any clear decisions and candidates guessing what the role is really about and what skills are truly needed to do it well. Nowhere is this escalation more obvious than when searching for "rock star" employees, an infamous tactic within the tech sector.

Long Term: Reduce Demand for Rock Stars While Increasing Team Members' Required Competencies and Responsibilities

At the team/group level, remember that you need the entire team to implement the required competencies, not just one team member. Teams possess competencies and execute processes. If cooperation and engagement are sufficient, a team is a locus of many skills; it's not any one employee's responsibility to possess them all. Competencies and responsibilities should not be overstacked onto the sought-after rock star employee. Every team member should possess competencies and have responsibilities. When designing a team in this way, each time a team member leaves or joins the team becomes an opportunity for all members to craft and redesign their own role relative to the current team competencies and the operational demands being made of the unit.

To determine whether any needed competencies or skills are lacking, the team creates a team skills matrix (aka "team competency matrix"). This simple grid lists the skills needed in that specific team on one axis and each team member on the other axis. Each member is ranked on each skill. I recommend an "up to two dots" option: highly skilled individuals (especially if they can teach others) receive two dots in that area; somewhat-skilled members receive one dot; and members with no applied skill in an area are not awarded any dots. The manager or, even better, the team itself should decide how many total dots (i.e., how much expertise) each skill area needs, with core skills often demanding four to six dots while supporting skills might need only one or two dots. Team members discuss the skill dots each person is awarded in each area,

input dots into the skills matrix, and add up the totals. It is then easy to see whether expertise in any skill area is lower than needed (and by how much) and steps can be taken to remedy the deficiency. This exercise can be done one or two times per year and is particularly appropriate when team membership is changing.

Short Term: Reduce Rock Star Requirements and Boost Focus

At the individual and team/group levels, get as technical as needed, look for relative overlaps, and be just specific enough in the job description. Sometimes the candidate pool for advanced positions will be robust enough that finding candidates who simply meet the base requirements isn't a challenge; what a happy selection problem to have! However, it is much more likely that the quest for a rock star hire reveals that the job requirements, whether qualified as essential or preferred, are simply too inflated, or at least unfeasible. Often an organization intends that a rock star will fulfill what should realistically be three (or some other number) distinct roles, an intention that signals the organization's inability to throw added staff at the capacity problem (e.g., thinking only three programmers will be able to do the work originally scoped for eight programmers). Or worse, the organization has the funding for added staff but maintains the conviction that the lofty requirements detailed in the job description are all needed and likely to be filled.

Suppose the team says it needs a data engineer, a DevOps engineer, a cloud admin, a cloud architect, a business intelligence analyst, and so on, and the hiring manager, who does not know the similarities or differences in these roles, only has budget to fill three roles but cannot determine which of the three of the five to hire. If an organization does not know how to compare these various roles in terms of requirements, salary cost, rarity/ease of attracting the necessary talent, and relative overlap, then it really can't make this kind of HR recruitment and hiring decision well. If all the roles have full job descriptions, any overlap should be somewhat clear.

Organizations must do the work of determining which requirements are real — and realistic. HR must talk with the team, look at similar roles elsewhere in the organization, and conduct a quick search online for what skills and competencies other organizations require for a given role. As with any good piece of marketing, clarity makes it much easier to attract the right talent and to decide who actually "cuts the mustard." Remember that the longer and more granular your job description, the more you invite inflation from both sides — so keep descriptions succinct yet specific enough.

4. Poor Team Design

Most organizations do not focus enough on team composition. This means that even if the team has what we might consider individual good performers or experts, the team may still lack the range of both skill expertise and cognitive/contextual diversity to operate well. As a group process issue, this deficiency also highlights the critical need for more teamwork and a host of EQ and leadership competencies. These predict how well a team can communicate, how compatible team members are, which team members are better

suited to planning or exploratory or heavy relationship-focused work, and the level at which they can learn and improve group processes over time. The good news is these are great areas for training, individually and as a team. The bad news is that a piecemeal approach, hiring one member at a time, blind to team context, does not make matters any easier, and a few common shortcuts only make it worse.

Long Term: Diversity of Values and Perspective Is More Potent Than You Think If You Value Quality Work

At the team/group level, diversity is a critical piece of enabling great teams to think creatively, share data and perspectives, and develop better decision-making habits. The right amount of diversity actually helps a team perform better. Having a reasonable spread of values (more keyed to cognitive and personality factors), as well as of perspectives (having more to do with education and experience of other cultures) helps the team think more robustly and acts as a quality control process, helping prevent mid-to-lower-level performance. Technically, it's not that the team performs better than individuals could have on their own but more that with enough diversity in place to ensure quality, the chances for higher performance are better. The average team performance is higher, yes, but the variance also gets tighter, making diverse teams more reliable in their work performance as they develop.

As our work and teams strive to be more agile, team diversity boosts resilience by allowing the team to adapt to new missions and changing situations more easily. Fair warning: there is a "Goldilocks zone" with just the right amount of diversity; too much diversity erodes engagement, which blocks the formation of trust among team members and prevents teams from being motivated by a common compelling mission. Teams that want to explore their motivations and values should find a good character strengths survey (a free one can be found [here](#)) and talk shop about what motivates each team member and who shares what strengths. An important piece is to ask people to reflect on how they see their own or their team's results, which naturally leads into questions about what kind of work and projects the team finds impactful and compelling. If teams are doing their job right, individual needs are met, and everyone is strengthened in cooperating on shared missions. If not, hidden agendas are a natural reaction to unmet needs, and finding common projects and impacts worth going after becomes ever more difficult.

Short Term: "Culture Fit" Is Just Managerial Bias

At the individual level, create quality job descriptions and don't let sloppy processes creep into hiring. With all the effort required to craft a good job description and assess candidates' specific traits and competencies, many organizations, especially startups that display a certain glamor and high-status mystique, find it appealing to use vague notions of "culture fit" to circumvent this effort. Managers, like everyone else, tend to make unconsciously biased decisions, usually in favor of those like them and in dealing with direct reports. This bias, when consciously deployed in the hiring process, is justified as seeking a culture fit. An excellent organizational culture and the engagement it stimulates are very real and understanding how new hires

can help steer an organization in the right new direction is commendable, but hiring for culture fit is a red herring made of sloppy requirements propped up by managerial bias. In a word: stop.

Systemic Success

It is easy for organizations to leave talent on the table (or not even get the talent to the table) and to fall into sloppy habits around hiring. The push for agility and innovation inevitably reveals these slow or fast mistakes, as they cause performance issues and hard-to-clarify systemic problems. But, fast or slow, there is no time like the present to start fixing and strategically building the human capital needed over time!

People leadership is complex, making the four horsemen of not-so-strategic HR — convenient hiring, over-emphasizing seniority, requirements inflation, and poor team design — difficult, yet worthwhile, conditions with which to grapple. We've all had a wonderful team experience at some point in our lives that keeps us believing great teams are possible. Let that vision become a driving force of what's possible when the right set of team conditions come together. There are few situations more professionally fulfilling than feeling we are part of a skilled team with complementary skills and approaches and that we collaborate well. That essential base then allows us, personally and professionally, to become a better team (and better team members) over time. Being able to fulfill that twofold need — to be satisfied and performing well in the moment, yet also headed in the right direction developmentally for the future — is the best indicator that your organization's talent is in the right place and can thrive.

In Part II of this *Update* series, we will address another essential element of great teams: missions with meaning.

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