Designing High Performance Corporate Management Teams:
An Analytical Approach

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Abstract

Developing effective management teams requires a careful balance between the performance of the various managers and overall corporate goals. Individual managers produce results that are translated into overall corporate performance. Typically, each manager has a set of goals for the year upon which they are evaluated. Professional baseball provides a useful rubric for analyzing corporate team-based performance. Interestingly enough, professional sports managers have paid much more attention to measuring and acting on both inputs and outputs compared to most non-sport enterprises. In this regard, professional sports managers have led the way in utilizing the so-called balanced scorecard approach in analyzing the interactions between individual team members and overall performance. To be successful, whether in sports or business, teams should have a common mission and vision. The data from major league baseball suggests that overall team performance appears to be directly correlated with the alignment of player and owner interests including mission**.** Furthermore, the data suggests that the more pay spread among team members in baseball the poorer the performance. Both of these findings can be applied in forming and maintaining high performance management teams.

Recent evidence indicates that management demographics, like age and education, influence decision making and thus firm performance. Specifically, the level of education has been found to have a positive effect on organizational innovation. For publicly traded companies most of these data are readily available, however, internal management goals are not. The approach employed in this study is to use the change in compensation from year to year as an estimate of goal performance. As in the case of professional team sports, the issues of organizational context, pay dispersion and managerial turnover are also considered. Specifically, the integration of entrepreneurial spirit, team composition, and group processing (similar to team sports) have been found to contribute collectively to winning performance in business. The purpose of this study is to show how analytical modeling can be used to forecast individual and team outcomes as a means for helping management improve overall organizational performance. Specifically, neural net analysis will be used to explore performance relationships among Fortune 1000 firms. The analytical paradigm consists of a three-tiered hierarchal design that combines a number of specific factors in predicting organizational outcomes based on individual manager characteristics and performance.