

Rewarding Team Performance

THE FRUITLESS SEARCH GOES ON.

I've always said that it seems that the more things change in Western Management, the more they stay the same. I remember courses in graduate school in the early 1980's that promoted the development of team assessments and team performance incentives. Thirty years later, the search continues. A thread on an American Society for Quality (ASQ) group page was kicked off with the following post:

- I am keen to hear from the group about their experiences in achieving high Team Operating Agreement and Interpersonal Effectiveness, especially while managing complex projects and how you conducted and interpreted results of Team Success Surveys if any.

Several responses were generated, among them:

- I just discussed the Team Quantitative Performance with 2 persons who are "inside" this measurement. The team has to perform X pieces per day. Every individual's performance is also measured. If they meet the team performance, they get "normal" salary. If they do not reach the team goal, EVERY person will lose a certain amount of their salary. They know who failed (in the individual performance, which affects the overall performance). These persons are then blamed, as all lose their performance bonus which is included monthly in the salary. Is that called "Teamwork"? Not likely. It is rather a perverse system. But it's called "optimizing production".
- That's interesting and different. I think surveys should work best to measure team effectiveness. It is important to understand as a team how they are performing. Attaching team performance to salary adjustment is an unknown area and less (sp) papers are out there proving this as viable option to optimize production. If the team performs below expectations, shouldn't managers coach team members, determine coaching needs through individual discussions? Team's success depends on managers who are responsible for establishing workable, specific objectives...
- I'm surprised that you consider attaching team performance to salary as an "unknown area". Team performance bonuses are very common. There are a lot of objective evidences and studies published to this theme. Whilst in the manufacturing plants a team performance bonus related to piecework (maximize number of parts produced in a given timeframe) might cause a lot of stress to the workers, team performance bonus will motivate innovation in other areas. This is seen as a challenge.

I decided to add my two cents and submitted the following:

Whether one is talking about an individual employee's performance or a team's performance, the fact remains that people can perform no better than the process allows. For example, one of the posts noted, "The team has to perform X pieces per day." Is the process capable of X pieces per day, every day? Management's attention should be paid not to measuring or rewarding a team's "quantitative performance" but to providing high-quality equipment, methods, technology, materials, components, information and other resources. Besides, it's impossible to measure people's performance separate from the other components of a system.

I see that "piecework" is mentioned in this thread as well as "workable, specific objectives." Piecework incentive pay based on standards and objectives was (in the 19th century) and remains the lowest form of industrial management. It assumes that people (like Pavlov's dogs) must be extrinsically motivated to do good work – as if they don't already desire to do good work. Besides, what if the bonus is based on a "specific objective" of X pieces per day, but the process is not capable of producing X pieces per day?

One of the posts also predicts that "a team performance bonus will motivate innovation in other areas." Ludicrous. If the bonus is based on "specific [production] objectives" or "X pieces per day" or "number of parts produced in a given timeframe," that's exactly what you'll get. Why would anyone expect innovation? Performance and merit bonuses foster short-term thinking and force people to count stuff – both barriers to innovation. (This, by the way, is one reason Motorola discontinued Six Sigma; its focus on problem-solving and short-term gains was recognized as a barrier to innovation.)

When we try to move from an individual to a team performance bonus, we end up taking our cancer orally instead of anally. It may go down a little easier, but we have the same disease! This is why Dr. Deming warned us decades ago that monetary incentives are just "a way out for managers that do not understand how to manage intrinsic motivation."