

Tying Rewards to Results:

Defining a Win-Win Situation for the Organization and Team Members

In a comic strip, recently, Hagar addressed his troops as they prepared to go into battle. "Don't worry about winning the fight", he said. "If we get beat, you won't get fired. **But you won't get paid, either.**" I couldn't help but wonder if that wouldn't be a good policy for project managers and their teams. **What if we tied the rewards to the results?**

This wasn't just a passing thought. I had just had a long discussion with a colleague about why we weren't seeing the promise that we were expecting from project management implementations. I readily admitted that there were plenty of success stories. And we are both convinced that even if the full expectations aren't being met, that there is much to gain from even partial results. Yet, we both also had worked with clients that had experienced failures in their attempts to implement and apply project management. And we searched for the reasons why.

To a large degree, I place the blame on a lack of commitment. **Many failures in implementing PM can be traced back to this simple misconception: that we can take shortcuts with PM -- that we can treat it casually and unprofessionally -- and still have it work.**

Training and commitment are essential elements of a successful project management endeavor. This was the subject of an earlier paper in this series. But this is far from being enough. As we have shifted from traditional work methods to projects and teams, we have moved to an environment where results are based on shared responsibility and performance, rather than individual actions. Yet, for the most part, measurements and rewards have continued to be based on the individual. **There is a clear need for shared measurements and shared rewards for people involved in a matrix or team environment.**

This concept of shared rewards is discussed in depth in my new book, **Practical Project Management**, scheduled for publication in June 2002 (John Wiley & Sons). I'll cover this topic, briefly, a bit later in this paper. But I want to introduce another aspect of rewards at this time. That is; the concept of tying rewards to results.

Tying Rewards to Results

What do we mean by "results"? What results? Can we assume that we are talking about the "desired results"? And where are these "desired results" recorded?

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For some, the desired results are noted as project objectives and deliverables. Others may expand this to include the “success factors” for all of the project stakeholders. All of these variations are valid statements of desired results. Best yet, is the practice of specifying the desired results as a component of the Project Portfolio Management process.

If we manage the business by “Project Portfolio” rather than by “Project”, we are more likely to align the projects and their performance with the highest-level objectives of the enterprise. This was the subject of two papers that were published on this website in the summer of 2000.

So how can we go about doing this? How can we tie results to objectives and rewards to results? I believe that each organization will have to develop a program that is consistent with their organizational style and culture. Each program will be very individual, so I won't try to define a detailed set of practices, here. However, any such program will probably consist of most of the components listed below. These are offered as a guide to developing your specific program.

Step 1: Identify Objectives

Here you are interested in defining the ***Desired Results***. These results should be tied to the firm's strategic plan and the objectives that have been defined for the Project Portfolio. The objectives can be defined at several levels – sort of an objective breakdown structure. The highest goals, tied to the firm's strategic plan, are broken down into elements that can be allocated to specific projects and teams.

Step 2: Measure Performance

These measurements are the ***Achieved Results***, and will be based on the criteria that are set by the “desired results”. You want to determine ***What*** elements are to be measured and ***How*** they are to be measured. These might include time performance, cost performance, client satisfaction, quality items, scope delivery, contribution to the firm's bottom line; just about anything that is consistent with defined success factors. These measurements should consider both individual and team performance as well as short and long time frames. However, actual rewards should be delivered as quickly as possible after the performance objectives have been met.

Step 3: Relate Performance to Objectives

Here you are interested in ***what Results were Actually Accomplished***, relative to the defined objectives. By doing this, we assign a greater worth to the results that are consistent with the firm's overall objectives, rather than just rewarding any positive performance. We direct and maintain attention to the firm's strategic

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goals. By rewarding such performance, we enhance the potential for meeting these goals.

Scitor users should note the unique offerings of that company in support of Step 3. The Objectives can be clearly and specifically defined in PC-Objectives (a module in Scitor's Project Communicator software). Using a work breakdown structure approach, measurable objectives for each objective category can be specified. In this way, all project participants have access to a published set of the objectives that will be used for the performance measurements. For work that is scheduled in Project Scheduler, the performance items can be related to specified objectives in PC-Objectives.

Step 4: Base on Several Values

Here, we are looking for ***Balanced Results***. No one item should dominate the measurements. If success is defined by meeting the objectives of all of the stakeholders, then it must be apparent that there will be multiple definitions of project success. The needs of all of the stakeholders have to be balanced to achieve overall success.

Step 5: Identify Responsible Performers

Here we intend to identify the ***Contribution to Results***. What are the roles of various personnel in determining the objectives, in performing the work to support the objectives, in measuring the results, and in determining the rewards?

Step 6: Determine the Basis for Rewards

This will really vary by firm. Is there a "pot" to be made available for rewards? How much is in cash and how much in other rewards. How will the rewards be shared? Can the rewards be tailored to the specific preferences of the individual? If three people contribute equally to a significant accomplishment, can we reward one with cash, another with a more flexible schedule, and the third with a reserved parking spot (if that is their preference)?

Step 7: Consider Shared Rewards for Team Achievements

Traditionally, our measurement and reward systems have been based on individual performance. This is archaic in the light of today's shift to matrix environments and project teams. If we are to motivate team performance, then we need to look to shared measurements and shared rewards. Nevertheless, once we have identified a "team" for reward status, the actual rewards can be individualistic, as noted in step 6, above.

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A New Rewards-Performance Approach

Tying rewards to performance. Clearly defining objectives, at the highest and lowest levels. Relating the performance results to the objectives. Rewarding for both individual and team participation in the results. Tailoring rewards to the preferences of the individual.

These are all elements of this new approach. A program that addresses these elements will bring performance more in line with the firm's strategic objectives, and will motivate this desired performance. It's a win-win situation. The participants share in the spoils of success and the firm enhances the potential for success.

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He has implemented or enhanced the project management capabilities of numerous firms, often combined with the selection or implementation of computerized project management tools. Mr. Levine is considered the leading consultant to the project management software industry and is recognized as the leading expert in tools for project management.

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