

## Agile Incentives

In Scrum, we always talk about teams: the TEAM commits to a goal (and hopefully achieves it in a joint endeavour), the TEAM is self-organizing, the TEAM is improving its performance, etc. What remains of this TEAM thought when it comes to yearly performance appraisals? Not much. Suddenly the *individual* is in the focus again, and his/her contribution to the team is often only a wishy-washy factor (if at all) among other, more concrete goals. This might be a disappointing experience for a person who has devoted his/her energy to a team and now lacks acknowledgement. Another person who is better in “self-marketing” and has always strived at making his/her achievements visible, might be much better off at the end of the year. The message is very clear, and our team-player might change his/her behaviour accordingly.

On the other hand, would it be sensible to have *only* team rewards without individual components? Hasn't the failure of socialism taught us that effort must pay off?

These are the questions that motivated one of the OpenSpace work groups at the London Scrum Gathering to discuss “Agile incentives”. The group was mixed with people from big traditional companies as well as small start-ups. Here are some examples of what people report:

### **Big company:**

Annual goals are defined based on company wide goals (e.g. “increase market share by 10%”) that are broken down the hierarchy from business units, departments, and finally individuals. The individual often only has little influence on these goals. Team goals are usually not included. An update of the goals is the exception. Goals have to be measurable.

### **Medium sized company:**

Annual goals are defined as a combination of team goals and individual goals. Goals are based on acknowledged behaviour (e.g. “increase test coverage by 20%”). Goals are updated whenever necessary. Goals have to be measurable.

### **Small company:**

There are no annual goals. However, behaviour that contributes to the company's vision, is rewarded.

There is – as always – no “one size fits all” solution, but here are some recommendations for agile managers. In fact, they comprise many elements of agile/lean principles:

- Iterative goal setting: Have performance appraisals not only once a year, because this will leave too much time for unrealized problems to grow. Plan a regular update to include new evolutions. If this is not planned, people will forget it.
- Definition of “done”: measurable goals
- Commitment: have people to commit to their goals. This is only possible if the goals are realistic.
- Frequent feedback: If a person is not doing the right thing, either the goal is wrong or the behaviour. Don't tolerate either one. Give feedback as soon as possible. Otherwise people will ask “why didn't you tell me right away?”
- Open communication: Encourage the people to raise problems with the goals.
- Room for self-organization: Don't enchain people with goals that eliminate creativity and innovation.
- “Go and see for yourself”: To be able to evaluate individual and team performance, a first hand impression of how the people work is necessary.