Practice 7: Performance Assessment

Overview

We have talked about the need to shift the culture and values of the organization to align with the desired behaviors of collaboration and shared ownership. Culture and values are reflected in what the organization measures.

If we look at how people's contributions are measured, the teamwork factor is traditionally overshadowed by individual metrics.

There are often disconnects between the stated values of an organization and their metrics. For example, most organizations talk about valuing teamwork, yet, if we look at how people's contributions are measured, the teamwork factor is overshadowed by individual metrics. There is often a hero mentality in the organization that rewards people for what they know and the fires they fight (whether or not those fires should have been avoided proactively with knowledge and product improvements). These same organizations will also practice "stack ranking" of employees (an exercise of ranking employees against one another), which is a simplistic, linear mindset that promotes competition, not collaboration.

Our traditional management practices for performance assessment are at odds with the KCS practices. They have taught us what does not work. Our management practices have evolved over the years from a manufacturing model. In manufacturing, we create tangible products like toasters or TVs or cars. When the output is tangible, we can count it discretely. The activity of individuals on the production line is directly linked to the outcome. "How many levers I put on the toasters" is directly related to how many toasters came off the line. With KCS, however, we create knowledge, relationships, and loyalty. These are intangible outcomes, and they cannot be counted discretely. Activity in an environment of intangible outcomes is only loosely related to value.

A key lesson learned from our members' experience with performance measures is.... if we put goals on activities (such as article creation, modify, or linking), it will corrupt the knowledge base.

We know a lot about measures and goals that do not work ... so what do we measure?

This section will provide an understanding of performance assessment techniques:

- KCS roles and the licensing model
- The concept of adoption phases and how the measurement system must evolve from phase to phase
- How to assess who is creating value through triangulation
- A scenario to show the value of some of the key measures, with example reports
• A list of measures, their definitions, and their uses

KCS introduces new roles and responsibilities for the organization that emphasize collaboration, sharing, using, and improving our collective knowledge rather than individual knowledge. Rather than rewarding people for what they know, these roles help to emphasize learning and collaboration as well as contribution to organizational knowledge. Retooling the way individual and team contribution are assessed reinforces these new roles and the behaviors that will create a healthy and valuable knowledge base.

The concept of assessing value through a process of triangulation is based on the work of Kaplan and Norton and their book *The Balanced Scorecard*. From this multi-perspective view, we have identified the key measures and reports and provide a scenario to show how the measures are used.

Another characteristic of KCS is a strong emphasis on providing leadership versus traditional day-to-day management. Leadership means taking responsibility for organizational alignment and motivating the team through performance drivers (more on this in the Leadership and Communication section). Leaders play a pivotal role in:

• Defining and setting goals for the desired outcomes (not activities)
• Ensuring the tools and infrastructure are integrated and align with the workflow, making it obvious and easy to do the right thing
• Providing knowledge workers with visibility to performance indicators so that they can take responsibility for managing their performance
• Providing knowledge workers with visibility to the impact of their contribution

For this system to work, performance measurements must be clearly linked to the strategic objectives of the organization. The team should understand these objectives. The leaders can then encourage participation in the KCS processes and recognize both the individual and team accomplishments in the creation of value.

**Techniques**

- **Technique 7.1: KCS Roles and the Licensing Model**
- **Technique 7.2: Coaching for Success**
- **Technique 7.3: Assessing the Creation of Value**