For information

LEGISLATIVE COUNCIL PANEL ON PUBLIC SERVICE

**Information Note on the Outcome of the Pilot Scheme on
Team-based Performance Rewards in the Civil Service**

Purpose

   This paper briefs Members on the report submitted by the consultant on the pilot scheme on team-based performance rewards in the civil service.

Background

2. A pilot scheme on team-based performance rewards was launched within the civil service in end 2001. The objective of the initiative is to test out the feasibility and practicability of introducing performance-based rewards in the civil service. Six departments, namely, Buildings Department, Electrical and Mechanical Services Department, Government Flying Service, Home Affairs Department, Judiciary and Rating and Valuation Department participated in the pilot scheme on a voluntary basis. The rewards were funded by departmental savings under the "Save and Invest Account" arising from the Enhanced Productivity Programme or in the case of Electrical and Mechanical Services Department (a trading fund department), by retained surpluses. The participating departments did not get any additional funding for implementing the pilot scheme.

3. The Civil Service Bureau (CSB) engaged a consultant to provide advice and assistance to the participating departments in the design and implementation of the pilot scheme. Following the completion of the six departmental pilot schemes, the consultant conducted an evaluation on the effectiveness of the pilot scheme and submitted a report to the CSB. An executive summary of the consultancy report on the scheme is at the <u>Annex</u>.

The consultant's assessment of the pilot scheme

4. The consultant observed that performance gains had been achieved during the pilot period in areas such as process efficiency, staff productivity and

customer service. The scheme had also led to enhancements in staff motivation and team working. In addition, it had helped to raise staff awareness of performance issues and promote a stronger results-oriented performance culture.

5. In the light of the experience and findings of the pilot scheme, the consultant considered that team-based performance rewards scheme would be a potentially useful additional performance management tool for adoption within the civil service. However, the success of any such scheme would depend critically on the readiness of departments in terms of, among others, commitment of resources and buy-in among staff and departmental management. Furthermore, many practical issues would need to be addressed in making a team-based performance rewards scheme effective, including establishing a robust performance measurement infrastructure and creating a strong results-focused performance culture among staff. It will take time for departments to satisfactorily address these issues.

6. As regards the financial element of the rewards scheme, the consultant considered that a cash reward appeared to be a marginal driver of increased motivation and performance for many staff while many non-financial factors (e.g. active, ongoing staff communication) were also key to the effectiveness of such scheme. In view of the difficult financial climate surrounding the pilot scheme and the on-going review of the civil service pay system by the Government, the consultant suggested that the financial element of any team-based performance rewards in future should be further examined by the Government as part of its wider deliberation on how to modernise the civil service pay policy and system.

CSB's observations

7. The team-based performance rewards pilot scheme has been a useful exercise, giving insights into the acceptability of such form of performance pay in the civil service as well as the critical success factors for implementing such a scheme. The pilot scheme demonstrated that there is scope for raising the performance of departments through enhanced communication between management and staff, more clearly articulated departmental performance goals and an infrastructure for measuring team-based performance critical to the core business of the department.

8. The existing performance appraisal system in the civil service is

individual-based, i.e. the performance of individual officers rather than the collective achievement of the team concerned is assessed. The system is designed with the objective of reviewing and reinforcing an officer's progress, facilitating the selection of officers for promotion, assisting in the manpower planning process and identifying the training and development needs of staff. In the light of the experience of the pilot schemes, consideration could be given to integrating elements of team-based performance measurement and management elements into the existing system, such as translating corporate objectives and targets into targets for teams and individual officers and using a more comprehensive set of yardsticks for making performance appraisals. We shall further consider this issue in our efforts to enhance performance management in the civil service.

9.   As the consultant has noted from the pilot schemes, the cash reward of the rewards scheme was a marginal driver of enhanced performance. We shall, in the broader context of modernising the civil service pay system, further consider the pros and cons of introducing performance pay to raise departmental performance and the resource implications. In this connection, we shall also consider whether, if a cash reward is to be granted, it should be in the form of an extra cash reward on top of staff's existing pay or as an element to be built into a revamped salary structure. These are complex issues which require careful thought. As a matter of priority, we are now focusing on the development of an improved civil service pay adjustment mechanism. We shall look into other broader pay-related issues such as the feasibility and desirability of introducing performance pay in the civil service after the completion of the current exercise.

Civil Service Bureau
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PWC CONSULTING

A business of PriceWaterhouseCoopers

Report on Pilot Scheme on Team-based Performance Rewards in the Civil Service

Executive Summary

Submitted to
Civil Service Bureau

Introduction

1.   In early 2001, the Civil Service Bureau (CSB) of the HKSAR Government launched a groundbreaking initiative to pilot team-based performance rewards in a small group of departments. PwC Consulting were appointed to provide advice and assistance to the development, implementation, and evaluation of the pilot schemes.

2.   The six participating departments, who volunteered to be involved, were:

- Buildings Department (BD)
- Electrical and Mechanical Services Trading Fund (EMSTF)
- Government Flying Service (GFS)
- Home Affairs Department (HAD)
- Judiciary Administration (JA)
- Rating and Valuation Department (RVD).

3.   The overall objective of the initiative was to test out the feasibility and practicality of introducing performance-related rewards into the civil service, in order to:

- Reinforce the behaviours required for effective teamwork
- Achieve sustainable improvements in the way in which people carry out their work, along with continuous improvements in the associated outcomes.

4.   At the outset, CSB defined a set of broad parameters to ensure that individual pilot schemes adopted consistent approaches. The key parameters included the following:

- The schemes must be team-based;
- No more than 15% of the teams included in a pilot scheme should receive the team reward, ie a competitive element;
- Rewards were to be no more than 5% of each eligible staff's annual substantive salary;
- The total amount of reward allocated in each participating department should not exceed 0.75% of the salary bill of participating staff;
- The source of funding for each scheme should be the participating department's "Save and Invest Account" (or retained surpluses in the case of EMSTF as a trading fund);
- All rewards would be one-off, not built into base pay and carry no pension implications;
- All staff in the successful team should receive a reward, except those who have received an unsatisfactory grade in the individual performance appraisal.

5.   Participating departments were expected to take ownership of the design and implementation of their schemes, with close support from the Consultant and

directional guidance from CSB. The six departments were given a large degree of freedom in determining the design of their own scheme. Also, flexibility was allowed around some of the stated parameters (eg the 15% limit on the number of winning teams) to deal with particular departmental circumstances and practicalities.

6. The participating departments followed broadly similar paths to design, implement, and evaluate their schemes, over a period of approximately twenty months.

Pilot scheme designs

7. The main features of the emerging scheme designs are summarised in Appendix 1. The varying scheme designs reflect the different starting points of the participating departments, in terms of nature of business, work style and culture, staff expectations, performance measurement infrastructure and the level of understanding and 'buy-in' to the performance pay concept. The designs also reflected the pioneering nature of this initiative, with no established models or experience, local or international, to guide the best way forward.

8. An interesting variety of different scheme features was observed:

- *Team definition.* The majority of participating departments used existing or newly developed team-based structures that lent them naturally to comparison of relative performance between homogeneous groups. However, some had to develop a basis for competition between non-homogeneous teams with different functions, performance measures and targets (eg different supporting divisions such as administration and accounting). Team sizes varied enormously, from tens of staff to over 1000 staff in one case.

- *Overall scheme structure.* Some participating departments adopted a simple, single competition design, while others felt it appropriate to develop a multi-competition structure (eg EMSTF and GFS had both corporate and divisional elements in their schemes).

- *Performance measurement.* Departments generally adopted fairly simple performance measures for competition purpose, partly reflecting the novelty of such performance-related initiative in the civil service. Most adopted a form of balance scorecard measurement, which encompassed a number of complementary perspectives such as achievement of team objectives, customer satisfaction, internal efficiency, staff and organisation development. Some focused only on quantitative measures while others on a mixture of quantitative and qualitative measures.

- ***Basis for competition.*** All pilot schemes had an operational focus. The majority emphasised relative best performance attainment between competing teams and other were more about self improvement in key areas to meet or exceed pre-determined targets. Fairness of opportunity to win an award was a key design consideration for all participating departments.

- ***Award size and distribution.*** There were a variety of types and sizes of awards used in the various pilot schemes. In some participating departments, the size of individual awards varied according to the grade and rank of members of the winning teams, being a set proportion of their normal salaries. Some departments made the same size of cash payments to all members in the winning team to promote a greater sense of team spirit and unity among staff. Some offered interim, non-cash awards, such as a dinner for the leading team at the end of each stage of the pilot, in addition to final cash awards.

Design stage experience

9. Through the design stage, we observed that the participating departments developed a stronger focus on issues of performance management and improvement. For example, there was an increased awareness about the need for effective performance management, at both team and corporate levels, to achieve corporate objectives. The balanced scorecard concept was found to be easily communicated and understood and very effective in highlighting areas critical to performance improvement. The departments, with assistance from the consultants, were resourceful in addressing important design issues such as effective team definition and the basis for fair comparison, in order to facilitate staff motivation towards enhanced performance.

10. Staff involvement in scheme development was also recognised as helpful in gaining their 'buy-in'. Although broad based 'buy-in' was realistically going to take time to achieve, it was encouraging to note that there was some positive attitudinal shift in this early stage of the project. Given the opportunity and support, staff showed they were willing to learn and change.

11. Needless to say, the participating departments faced some significant challenges in moving the design work forward. These included:

- ***Departments' readiness.*** Due to the newness of the performance-based rewards concept in general and, more particularly, the payment of cash awards based on differentiated team performance, the management and staff of most of the participating departments were initially limited in their readiness and capability to take up the initiative.

- *Different expectations of CSB and Departments.* CSB gave departments a high degree of autonomy in scheme design, but because of the novelty of the scheme most departments would have welcomed a more directive steer and assistance from CSB during the design stage. Some departments also found the broad stated design parameters unduly constraining in developing the most relevant and effective design for their situation. In the light of departments' comments, CSB agreed modifications to some of these parameters.

- *Performance goals.* While the fundamentals of this scheme were about recognition and reward of superior performance, initially most departments were uncomfortable with differentiating performance achievement and some were concerned about the divisive effects of introducing a competitive element into their schemes. Many participants were worried that T-bPR would be 'all pain and no gain'.

- *Performance culture and measurement.* In most departments, the lack of an existing strong results-oriented performance culture and the absence of appropriate performance measurement systems tended to limit scheme ambitions. Many also saw performance measurement as an administrative distraction from their real work and were concerned that more transparent measurement as part of the T-BPR scheme would just be used to drive people to work harder.

- *Staff consultation and communications.* Some participating departments under-estimated the level and variety of communications needed, both within management and with staff. Overall, there was scope for more planned and effective change management, in terms of on-going, targeted communication and pro-active handling of staff issues and concerns, to facilitate staff 'buy-in' to the initiative.

12. The design stage typically took six months to complete. All parties worked in a constructive way to resolve the many issues arising and by the end all had come a long way in their thinking and in developing scheme designs most appropriate to their situations. However, at an individual level many remained to be convinced of the value of putting extra effort into the initiative.

Implementation and adjudication

13. All the participating departments successfully launched and implemented their schemes, which in most cases ran for nine months.

14. During the implementation period, management and team leaders used a range of devices to sustain and enhance momentum and staff interest in the scheme,

including regular communications, 'shop-floor' visits, and experience sharing sessions. The use of clear performance measures and regular feedback on performance helped focus staff on priority areas for improvement. In general where participating teams were kept small in size, participating staff tended to be more involved in the process. Improvement initiatives introduced by departments and teams with the aim of introducing smarter working received positive feedback from staff.

15. A number of common issues emerged during implementation, which were actively addressed through the joint efforts of the participating departments and the Consultant. These included:

- *Staff communication.* Communication was often regarded as a discretionary component in this exercise and many departments continued to under-estimate the level and variety of communication needed to sustain momentum and interest in the scheme through to completion. Insufficient feedback at interim review points to help teams better identify performance gaps and improve their chances of winning was regarded by some staff as a particular issue that needed to be addressed.

- *Performance measurement.* Significant extra effort was needed in most participating departments to collate relevant performance data, in the absence of appropriate, established performance measurement systems. There was continuing resistance by some staff to the idea that their performance could or should be measured. Some staff were also concerned about the accuracy of the available data in supporting a fair evaluation and adjudication process.

- *Time frame for piloting.* The short time frame for piloting the schemes, and uncertainty about the continuity of the T-bPR initiative, tended to discourage the management and staff of the participating departments from taking a longer-term view on improvement opportunities, or giving a high priority to piloting efforts.

- *Uncontrollable factors and 'level-playing field' issue.* Some management and staff expressed concerns that performance targets, particularly quantitative ones, did not take into account conflicting work priorities, the impact of cyclical events or other external factors. Others felt that their targets had been set unrealistically high or that the choice of performance measures for competition did not offer a genuine 'level playing field' for the participating teams. In practice, though, most departments had designed their schemes to take account of these factors.

- *Eligibility for awards.* Some staff were concerned about losing out on an award if asked to change posts (and hence team) during the implementation period.

Others were worried that individuals being posted into a winning team might get an award even though they had made little contribution to the team's effort. Participating departments sought to address these issues by either postponing job rotations until after the implementation period or setting a qualifying period for which staff needed to have served in the winning team to be eligible for the award.

16. The adjudication process was generally seen as fair and conscientious. It seemed to work best where a range of factors, such as the actual results achieved and their sustainability, and the way teams planned and executed their improvements were taken into consideration. Most participating departments included independent third parties or the Consultant on their adjudication panels, or invited representatives from competing teams to observe the adjudication meetings, in order to ensure fair play. Some teams were self-motivated to put in considerable time out of working hours to prepare their performance reports and presentation materials for adjudication. There was a positive response from team in some departments where they were required to give a formal presentation on their achievements. This was seen as both an opportunity to enhance presentational skills and for more junior staff to get exposure to and recognition from senior management.

Final assessment of the pilot schemes

17. In making our final assessment of the pilot schemes, a number of wider, contextual factors were taken into account, as they may have influenced the outcome:

- *External context.* The on-going drive for significant efficiency savings across the civil service, the civil service pay reduction and initiation of the review of the civil service pay policy and system were all observed to have a distracting effect on management and staff in the participating departments. Moreover, the need to respond to the overall budget deficit and growing public sensitivity about civil service pay lowered participating departments' expectations about the future of T-bPR and dampened their enthusiasm to introduce an additional cash bonus element into civil service pay.

- *Internal departmental factors.* There were conflicting demands on attention, time and resources within some participating departments from other important internal change initiatives and operational requirements. Some teams also had other performance improvement initiatives already in progress which they counted towards their scheme achievements. For reasons of practicality some competitions had to use performance data collected for a different purpose or spanning a wider review period than the T-bPR scheme itself.

18.   Within this context, our overall findings are summarised below:

- *Achievement of scheme objectives.* Most participating departments found that their pilot schemes had been successful in meeting or making realistic progress towards their stated objectives, including:

  - raising staff awareness of performance issues
  - promoting a stronger results-oriented performance culture
  - strengthening the importance of teamwork in the civil service.

- *Performance improvement and innovation.* The T-bPR initiative led to some visible performance gains during the pilot period, particularly in areas such as improved process efficiency, staff productivity and enhanced customer service. There were also some interesting examples of innovations that are likely to have a lasting impact, such as the introduction for the first time of a broad-based and structured customer satisfaction survey by one participating department. Structured performance measurement and feedback arrangements were a key factor in enabling these improvements.

- *Staff motivation and teamwork.* There was a consensus among all involved that the pilot schemes did lead to some enhancements in staff motivation and team-working, although the impact varied across participating departments. Key factors in driving up motivation through the scheme were:

  - the element of constructive competition
  - participating in a small, well-managed team
  - active, ongoing staff communication
  - strong senior leadership to get most value from the pilot opportunity
  - enhanced opportunities for management recognition of staff efforts.

- *The motivational impact of financial rewards.* There was considerable diversity of view and ambivalence about the cash rewards element of the schemes. It is probably fair to say that all the participating departments were initially attracted to running T-bPR pilots because of the prospect of extra money being available for distribution to their staff. However, most would have preferred to spread the money evenly among all staff to recognise past efforts. Some staff did see the prospect of cash awards as a real incentive (mainly staff in junior grade/ranks), but many others remained ambivalent. This latter group viewed the cash awards as a 'nice to have', but insufficient to motivate them to ratchet up their performance. A number of participating departments felt that cash payments risked being divisive and that recognition was a much more important motivator in the context of the pilot initiative. Overall, it has not been easy to assess the motivational impact on participating staff of having a cash bonus on offer, as the issue has been clouded by a range of factors including:

  - the deliberate limitation on the size of awards in some departments

- ineffective communication to staff in some departments on the prospective size and basis for allocation of cash awards
- the distraction of the wider debate on civil service pay.

- *Realisation of other benefits.* The pilot schemes have led to some other useful benefits to participating departments, even if T-bPR is not continued. These benefits include:

  - increased awareness of the need for effective performance management, at both team and corporate levels
  - determination of clearer work priorities and focus of staff effort
  - promotion of a results-oriented performance culture and enhanced staff morale, eg through more regular performance reviews and feedback
  - provision of a catalyst for some departments to embark on longer term performance improvement initiatives, in areas such as customer satisfaction surveys and performance measurement systems.

- *Acceptability to management and staff.* Initially, the management and staff of the participating departments were apprehensive about this novel concept, particularly the competitive nature of the scheme, the need for higher transparency of performance achievements and the additional effort involved. Some participating departments were reluctant to invest in developing robust performance measurements systems for a one-off need and allocated only a limited budget to pay for prizes. Many staff also voiced concerns about the introduction of more structured and visible performance measurement. However, as the pilots progressed and the positive outcomes of the schemes became visible, the T-bPR concept gained increased acceptance as a useful and workable performance management tool. The key factors in gaining staff 'buy-in' were:

  - active and ongoing consultation and communication
  - efforts to make all participants feel that they had a genuine chance of winning
  - the use of management and peer recognition
  - the downplaying of the cash rewards element.

- *Suitability of T-bPR to departments of different types and sizes.* The pilots took place across a diverse group of departments in terms of size, function, client focus, internal organisational structure and institutional arrangements (ie participation of a trading fund, as well as vote funded departments). Each department had a different starting point for its scheme and faced different design and implementation considerations. However, overall there was no evidence that the underlying characteristics of the departments had a major bearing on the outcome of their scheme. More than anything, what mattered was the commitment and drive of senior management in the participating

departments to work with their staff and tailor their pilot schemes to suit their particular performance needs and circumstances.

19. Based on the preceding assessment, we have drawn the following **broad conclusions** about T-bPR type schemes in the Hong Kong civil service context:

- T-bPR type schemes, on the lines of those piloted, offer departments a useful, additional performance management tool to enhance staff motivation and performance achievement.

- It appears feasible to introduce T-bPR schemes into departments of all types or sizes. T-bPR schemes also look to be broadly acceptable to management and staff, so long as they are carefully tailored to each department's particular circumstances and effectively introduced.

- While T-bPR was conceived as a performance pay initiative, a cash reward element (of the type and size piloted) although 'nice to have', appears to be a marginal driver of increased motivation and performance for many staff.

- Many non-financial factors are key to the effectiveness and impact of a T-bPR type scheme including:
    - sustained top-down drive to use the scheme to address departmental goals
    - the spur of 'like with like' competition
    - smaller sized, actively managed teams, using existing team structures
    - the opportunity for visible management and peer recognition
    - a strong focus on structured performance measurement and feedback.

- Many practical issues need to be addressed in making a T-bPR scheme as effective as possible, including establishing a robust performance measurement infrastructure and creating a strong results-focused performance culture among staff. It will take time for departments to satisfactorily address these issues and critical to the future success of any T-bPR initiative is that departments adopt a committed, long term approach.

Lessons for the future

20. From the pilot experience, we have drawn a number of broad lessons and principles to guide the success of any future T-bPR schemes in the civil service. We summarise the lessons in Appendix 2.

The way forward

Continuation with T-BPR

21. In the light of the pilot experience and findings, we recommend that T-bPR be continued and developed as a useful performance management tool, for wider adoption across the civil service.

22. While the concept should be actively promoted from the centre, departmental participation should be voluntary to ensure commitment and sponsorship at senior levels. Participating departments should also be pre-qualified to ensure their readiness, in areas such as clarity of scheme objective, proposals for internal 'buy-in', performance measurement arrangements, commitment of resources and funding.

23. Departments should be given as much flexibility as possible to design and implement their schemes to promote a performance culture and achieve demonstrable gains, whether in terms of service improvements or efficiency savings. At the same time, departments should be encouraged to take account, as far as possible, of the learning points for the success of T-bPR schemes (as discussed previously).

24. Departments should also be encouraged to be as innovative as possible in making use of available reward and recognition mechanisms to deliver maximum motivational effect. As appropriate to the circumstances of the participating department, rewards could include cash bonuses (if funds are available), non-cash prizes (eg shopping vouchers, dinners), and/or formal commendations.

The financial element of T-bPR

25. The future of the financial element of T-bPR needs to be considered within the wider civil service pay reform context. The pilot initiative was originally conceived to explore T-bPR as an innovative performance pay mechanism. In the event, the pilots took place during a period of increasing sensitivity about civil service pay levels and systems. This clearly had an adverse affect on those involved with the pilot schemes.

26. The difficult climate around the pilot initiative certainly influenced the outcome, which has not supported a compelling case for the widespread introduction of cash rewards as a means of motivating enhanced team work and performance. At the same time, the cash bonuses did appear to work as a motivator for some staff and it cannot be discounted that under more favourable and supportive circumstances they might have had a more positive, general impact.

27. The Government will need to weigh these complex considerations in deciding how far it wishes to pursue the financial element in T-bPR. More broadly, the Government will need to decide the future of T-bPR as a performance pay mechanism as part of its wider deliberation on how to modernise the civil service pay policy and system. In this connection, regard should be given to the recommendations made by the Task Force on the Review of Civil Service Pay Policy and System on the need for a closer examination of the feasibility of introducing performance-related pay into the civil service.

Enhancement of existing civil service performance management arrangements

28. It has not been within the scope of this pilot initiative to make recommendations on the wider improvement of performance management in the civil service, beyond the team-based performance rewards. However, we do believe that the T-bPR experience offers useful pointers as to how the existing individual-based performance appraisal and feedback arrangement might be enhanced. For example, in terms of:

   • Making it more results-oriented
   • Linking individual-based appraisals to wider departmental and team objectives
   • Using a more comprehensive and balanced set of performance yardsticks for appraisal at individual level, including, for example, contribution to team performance
   • Introducing a more systematic performance measurement infrastructure.

Role of CSB

29. We believe that CSB should continue to play a key central coordination and supporting role in the future pursuit of T-bPR within the civil service.

Conclusion

30. The T-bPR pilot initiative was a bold walk into the unknown for all involved. It required ingenuity, hard work and perseverance to see it through, during a period of considerable uncertainty and change. It is much to the credit of the participating departments that they took up the challenge. Their pioneering spirit will be to the ultimate benefit all in the civil service.

Overview of pilot scheme design features

	Department					
	BD	**EMSTF**	**GFS**	**HAD**	**JA**	**RVD**
Type of Organisation	Engineering	Engineering	Disciplined Service	Service	Service	Professional
Size of Organisation	1,007	4,560	237	1,874	1,660	937
Coverage of Scheme	60%	100%	100%	90%	25%	50%
No. of Competitions *(note 1)*	3 (Separate)	3 (Overlapping)	2 (Overlapping)	1	1	1
Teams per Competition	4-6	1-6	1-3	18	7	6
Size of Teams	23-64	4560, 76-1120	237, 25-30	60-100	~40	~80
Competing Team Characteristics *(note 2)*	Homogeneous	Homogeneous & non-homogeneous	Homogeneous	Homogeneous	Non-homogeneous	Non-homogeneous
Main Competition Focus *(note 3)*	Operational performance against BSC	Operational performance against BSC	Operational performance against BSC	Customer satisfaction	Self improvement against BSC	Self improvement on a key BSC dimension
Basis for Selecting Winning Team *(note 4)*	Relative scoring	Relative & absolute scoring	Relative & absolute scoring	Relative scoring	Relative scoring	Relative scoring
Piloting Period	9 months	9 months	9 months	9 months	9 months	10 months

Notes:

1. 'Overlapping' competition means some staff in the department were eligible to participate in more than one competition (eg engineering staff in GFS participated in both the engineering and corporate elements of their department's scheme). 'Separate' competition means the staff could participate in no more than one of the competitions under the department's scheme.

2. 'Homogeneous' teams means teams with similar end results or nature of work.

3. 'BSC': A balanced scorecard performance measurement framework covers a mix of relevant quantitative and qualitative measures across four perspectives: achievement of objectives, customer satisfaction, internal process efficiency and improvement, staff commitment and development.

4. 'Absolute scoring' means that pre-set targets must be achieved for prizes to be awarded; otherwise it was the relative performance of one team to another that decided the winning team.

Lessons for the future

Scheme Aspect	Lesson
Scheme objectives	• The scheme objectives and improvement targets should be clear, stretching and directly reflect departmental priorities.
Approach to scheme design	• The scheme should be actively driven top-down, while encouraging broad-based, bottom-up participation. • Departmental management should have the flexibility to shape the scheme to best suit departmental needs and circumstances. • All teams should be encouraged to identify and develop creative improvement ideas that will result in sustainable changes to work processes and bring lasting benefits.
Basis for competition	• The competition concept works best among teams of similar size and function, where the basis for evaluation is relative team performance against an agreed mix of quantitative (ie results achieved) and qualitative (ie quality of improvement ideas and implementation efforts) measures. • Where homogenous competition is not possible, the best approach would be for each participating team to 'compete' against itself, to achieve or exceed agreed stretched targets. • Where departments have a strong corporate performance focus, they too can compete as a single team against agreed stretched performance targets.
Team definition	• Participating teams should be based on existing work teams and operational structures. • Smaller-sized teams work best to encourage maximum individual participation and team-working. • Larger divisional/ functional groups should be divided up to facilitate effective team management.
Performance measures	• Performance measures should include areas of strategic importance to the department in order to align efforts and focus the department and staff on priority areas for improvement. • A robust infrastructure should be developed for tracking both quantitative and qualitative performance data relevant to the particular T-bPR scheme.
Scheme timing	• Departments should decide the implementation timing and duration for their scheme to best meet departmental priorities and to tie in with relevant administrative arrangements (eg year end reporting). • Implementation timing should also take account of other major organisational changes in the department and anticipated workload fluctuations.

Scheme Aspect	Lesson
Awards	- The size and allocation of cash awards, if included as part of the scheme, should be tailored to the circumstances of the department and be sensitive to the wider financial climate. - Non-cash rewards and recognition (eg team lunches, formal commendations, shopping vouchers) are as important, and in the civil service culture possibly more important, than cash awards - Whatever the form of competition, stated minimum pre-set performance standards should be met or exceeded to qualify for team awards. - The efforts of every team should be recognised in some visible way if they stretch themselves to achieve improvements - To maximise motivational impact, consideration should be given to introducing stage prizes and awards other than just for the overall best performing teams. - Graduated levels of awards may be appropriate to reward staff for progressively higher levels of actual performance achievement. - Departmental management should also have discretion, taking account of all staff interests, regarding the eligibility for awards of individuals who have previously been marked as unsatisfactory on their personal performance appraisals or who are under disciplinary action.
Adjudication	- The adjudication process should be transparent and the adjudication criteria should take account of the different circumstances among the competing teams (e.g. in terms of workload, complexity of work, staffing situation) and other uncontrollable factors that may affect the performance of individual teams. - Participating teams should be given the opportunity to present their achievements to the adjudication panel and the quality of their report should be a consideration in the adjudication process. - Representatives from the other participating teams should be invited to the adjudication meeting in order to both ensure transparency of the adjudication process and facilitate experience sharing. - Senior individuals from outside the department should be invited to sit on the adjudication panel to ensure fair play and impartiality.
Staff communications and involvement	- Active staff consultation and involvement in scheme design is vital in order to secure staff buy-in. - Top management commitment should be clearly visible. - Communication should be on-going at all levels and consistent to raise and maintain staff awareness and engagement. A structured approach to on-going communication should be adopted. Both the frequency and content of communication matter. - Interaction and information sharing among participating teams should also be encouraged to help maintain interest over time and facilitate behavioural change.