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| **A Highly Aligned Organization:****Pay for Performance** | Minnesota City/County Management AssociationKnowledge Sharing Initiative |
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| March 2014 |
| Jurisdiction: Crow Wing County |  | City/County Manager: Tim Houle |  |
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| Project Leader(s): |  |
| Phone: |  |
| Email: |  |
| Case Study Topics Addressed |
| Select the relevant categories for this Case Study |  |  |
| [ ]  Career Resources [ ]  Citizen, Council, and Media Relations [ ]  Court and Legal Issues [ ]  Economic Development [ ]  Energy [ ]  Ethics [ ]  Finance and Budgeting [x]  Governance [ ]  Health, Human, and Community Services [ ]  Housing and Community Development [x]  Human Resources [ ]  International Development [x]  Leadership and Management [ ]  Leisure and Cultural Services [ ]  Libraries [ ]  Livable Communities [ ]  Parks and Recreation [x]  Performance Measurement [ ]  Planning and Zoning [ ]  Public Safety [ ]  Public Works and Utilities [ ]  Purchasing and Procurement [ ]  School/University Relations [ ]  Service Delivery [ ]  Sustainable Communities [ ]  Technology [ ]  Transportation |

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| Idea/Program/Project Details |
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| Intent of the idea/program/project: Align employees throughout the county with the organization’s mission and values through a pay for performance system. |  |
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| Innovative Characteristics: * Anticipate that supervisors rank employees in line with a bell curve. Any supervisor who ranks an employee in an area outside of “meets expectations” must justify the decision to colleagues. A system of internal calibration.
* Neutral third parties review performance evaluations.
* Expectation that courage and discipline are the main contributions of supervisors. Prior to implementation there was a sense of obligation to employees that they be given higher performance ratings.
* Creation of a new balanced scorecard that includes: serving well, driving results and delivering value.
* Modification of the service value chain to a “service value wheel.” Seeking continuous improvement.
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| Resources Committed, if any:  |  |
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| Organizational Savings, if any:  |  |
| * System of continuous improvement has created leaned-out processes throughout the organization.
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| Anticipated Outcomes:  |  |
| * Continued leaning of processes.
* More highly engaged workplace.
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| Actual Outcomes:  |  |
| * 4 years of levy reductions.
* 90%+ customer satisfaction.
* 77% employee satisfaction on Gallup Q12 Survey (80% indicates a highly engaged workplace.
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| Obstacles Encountered:  |  |
| * Avoiding the pursuit of perfection’s interference with delivering results.
* Employees want objective performance evaluations. Why have supervisors if performance evaluations are simply objective measures?
* Pay for performance is a complex and difficult system to implement and maintain, however it provides results. Must be compared in relation to “step-in-grade” system that simply rewards employees for time with the organization.
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| Lessons Learned:  |  |
| * Difficult to create a process that is as complex as human reality without being too complex.
* Processes must be reverse-engineered in order to determine how they can be aligned with the organization’s values and mission.
* In order to find areas for improvement customers must be surveyed at various points of contact with the county (seek out times when customers may not provide stellar ratings).
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| Organizational Impacts/Improvements:  |  |
| * Leaner processes.
* Customer satisfaction.
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| Recommendations for Application in Other Communities:  |  |
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| Was a Private Consultant Used? No. |  |
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