

Performance Incentive Program: Gainsharing in DeSoto, TX

Public Performance Measurement and Reporting
Network Conference

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September 23, 2011

What is Gainsharing

- Gainsharing
 - Focuses on opportunities to reduce costs or increase revenues
 - Features meaningful employee participation
 - Employees receive bonuses based on group success

Pay For Performance

- Proponents
 - Provides measure of control over workers (principal/agent)
 - Rewards employees for achieving goals and maintaining standards
 - Encourage communication about performance goals and expectations
- Criticisms
 - No empirical evidence to support success
 - Poorly implemented
 - Inadequate funding to motivate employees

City of DeSoto, TX

- Council/Manager Govt
- Population- 50,000
- Size- 21 sq miles
- City Employees- 367
- Budget- 74 million
- 2006 All- America City



Performance Incentive Program

- Performance Incentive Program (PIP)
 - A performance based program designed to reward city employees for performing work duties that are considered above and beyond organizational expectations
- Purpose
 - Create through the measurement of key work unit results, demonstrated improvements to the quality and/or cost of city services and to provide an extra reward to the employees in the various work units for successfully completing these measured tasks

Performance Incentive Program

- Program Objectives
 - Improve customer service
 - Provide a monetary reward to employees responsible for the improved level of service
 - Improve productivity and quality of work
 - Encourage employees to make a performance difference
- Program Criteria
 - Goals must be measurable
 - Work unit must have significant control over the outcome
 - Outcome must be traced directly or indirectly to the improvement of city services
 - Measured activity must have an established baseline

Performance Incentive Program

- Strengths
 - Employee focus on quality service to customers
 - Organizational shift in the attention work units pay to the quality, timeliness and cost of services provided to residents
 - Increased attention to continuous improvement
 - Technology/ Service Requests
- Weaknesses
 - Lack of “good/new” measures
 - Inability to relate task being measured directly to the service received by the customer
 - Work units were rarely cross functional

Performance Incentive Program

- Opportunities
 - Tie measures to City Council Strategic Goals
 - Consolidate annual work plan and PIP into one document
 - Strive for quality outcomes
 - Allow a PIP measure to remain as long as it creates value
 - Measures are difficult to come by, allow for a more “balanced” approach
- Threats/ Challenges
 - Economy/ Budgetary Funding

Summary

- DeSoto's Performance Incentive Program provides an illustration of a successful gainsharing pay for performance system.
- The Performance Incentive Program is successful because of key items identified in the literature
 - Key support from city council and city manager
 - Inclusion of employees is determining their performance measures
 - Continuous review of the program



The City of

DeSotoTexas

Live, Work, Play in DeSoto

