



How to do Agile performance reviews

by **Scrumology** in **People and Process**

My last post of [Performance reviews and Scrum](#) left some readers unsatisfied. Brett send me an email where he comments:

“ So, while my heart leapt when I saw this link, sadly I was bitterly disappointed to discover that despite the fact its one of your most frequently asked questions, you didn't actually answer it at all.

He then goes on to say:

“ While I don't disagree that the performance-based pay has its downsides, like it or not, its simply the way the world works and no amount of philosophical debate and protest will change the fact that they are mandated by corporate policy ... I would much rather see some actual practical/useful tips and techniques on how to do this effectively and fairly – do you have any insights you could share at all please?

I absolutely agree with Brett ... he makes a fair point.

How to do performance reviews in an Agile environment?

Jeff Sutherland presents the [performance review process](#) that evolved during the first implementation of Scrum at Easel Corporation in 1993. It's largely a conventional review process but differs in how the final rating is calculated. The final score has components of company rating (25%), team rating (25%) and individual rating (50%).

In a clever twist the rating scale includes information from external sources (e.g. “Trade journals are writing rave reviews about your work saying it is best in class.”), and limits the reviews influence to the middle of the range (4,5, and 6 on a scale of 1-10). Arguably this approach provides a more object measure by introducing information from external sources and focusing on the product over the individual.

Alan Altas has also written about performance reviews in “[Performance Management for Agile People](#)” published in the Agile Journal. Alan’s article is a much stronger move away from conventional reviews and he emphasizes a common team goal, 360 reviews and minimizing differences in individual compensation. He offers five points:

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1. Give all of the members of an Agile team the same performance goals.
 2. Assign individual goals for individual development.
 3. Make sure individual goals are aligned with team goals.
 4. Frequent 360 degree performance feedback is better than many alternatives.
 5. Value highly the personal traits, characteristics, and behaviors of good team members.

And, he finishes some very sound advice:

“ All but the very most incompetent managers know which of their employees are the top performers and which are the bottom feeders. Neither scrum nor waterfall nor lean nor agile makes this any more or less obvious. You can take action on your top 1% and bottom 1% (or even 5%) regardless of the methodology your teams use. Make sure your one or two true stars are kept happy, and don’t be afraid to deal with your one or two laggards.

Finally, I think **Mary Poppendieck’s** article “[Unjust Deserts](#)” from 2004 is still very relevant. It’s much broader than just performance evaluations and touches on compensation (pay) and promotions. The article provides a general overview of the entire system of performance reviews, and recommends some guiding principles to help understand the motivation of performance reviews within a Scrum environment.