

Internal Competition Can Kill Your Organization

By Carole Nicolaides

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Carole Nicolaides
carole@progressiveleadership.com

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Competition is believed to be the driver of the Western Economy. Most Western countries believe that competition produces innovation, stimulates thinking, and it is simply characterized by many as the engine of capitalism. In a similar fashion, "internal competition drives business results" has become a popular saying. Mercedes Benz from Germany, Intel from the US and others across the western hemisphere encourage internal competition.

However, this type of practice is highly contradictory to organizational effectiveness and knowledge management practices. Internal competition can be so damaging that it leads to isolation of information (aka "job security"), loss of employees, breaks in the organizational flow chart, corporate disloyalty and other negative effects. The solution is to create a true "team" environment where the goal is to improve the corporate good through collaboration.

Unfortunately, the reality is different, people are still getting compensated and evaluated:

- 1) based on individual contribution (employee of the month)
- 2) based on forced distribution (a performance evaluation that gives only a few people the highest evaluation simply because everyone can't have an "A")
- 3) with forced distributions on merit (if one employee within a department receives a raise then another cannot)
- 4) with contests between employees for various monetary and non-monetary prizes

It simply contradicts everything that knowledge management and organizational effectiveness teach us about the united communication between individuals and departments.

Knowledge acquired and guarded only by one means absolutely nothing. It does not grow like money. It stays stagnant and eventually will be lost along with all value it might have brought to your company.

Edward Deming, the quality management guru, knew very well that relative performance evaluations and other merit ratings breed internal completion and bad management practices. He argued that these systems require leaders to label people as poor performers even though their work is well within the range of high quality.

Competition is great but only if it is used correctly or in a setting of a "collaborative competition" not

one of peer against peer. When employees are trying to "look out for #1", how can we expect to receive knowledge sharing and organizational cooperation?

Below are some tips that can you use to overcome internal competition and help to breed an atmosphere of open communication and organizational collaboration.

1. Hire and reward employees based on their ability to work cooperatively to reach corporate goals
2. Fire people who destroy united communication
3. Focus people's attention on identifying external opportunities rather than competing with one another
4. Avoid compensation and performance measurement systems that create internal competition
5. Create new compensation measures based on teamwork or collaboration to reach goals
6. Promote employees to senior positions who have a history of building teams and promote collaboration and unity
7. Encourage people to become personal with each other- once they know their peers on a more personal level they will be more apt to adopt an attitude of cooperation
8. Model and mentor the behavior that you want your teams to have.

The bottom line is that internal competition can create rifts within teams. The overall goal of any organization is to meet certain goals and aspirations. With departments full of individuals who are looking to obtain power and stature for themselves, it will continue to be difficult to reach organizational goals. As a business leader, start re-thinking the way you compensate, hire and even fire people. Start instilling systems and processes that will support the true knowledge sharing and collaboration your business needs to succeed.

Carole is President of Progressive Leadership Inc offering personal and corporate success coaching, consulting and training in Knowledge Management and Organizational Development. Visit <http://www.progressiveleadership.com> for more info & subscribe to her FREE Ezine.

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