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The 360° Process

Planning for Action

By George Vukotich

Introduction

As organizations increasingly rely on their people to give them a competitive advantage, a process needs to be put in place to help them with their growth and development strategy. 360° Feedback can help. Often relying solely on an individual's manager to guide the feedback and development process leads to a limited perspective on how the individual can contribute more to the organization. 360° Feedback provides input from not only the supervisor, but peers, subordinates, and others the individual interacts with. By getting feedback from a number of sources individuals get a clearer picture of what those around them see. Taking this feedback, the individual with help from those around them, can build and execute a plan for improvement. This paper will show the reader things to consider in setting up and revising a current process.

History and Overview

The first documented use of surveys to accomplish 360° Feedback was in the 1950s by the Esso Research and Engineering Company (now a part of Exxon Mobil). The organization credited the process for increased efficiency and financial success. Anonymity was a key to success (Maloney, 1959).

According to *Fortune* magazine, it is estimated that 90% of all Fortune 500 companies use some sort of multi-rater feedback (Thornton, 2009). Forty percent of companies were using 360° Feedback in 1995; by 2000, the figure jumped to 65% according to the HR consulting firm William M. Mercer (Pfau, Kay, Nowack, & Ghorpade, 2002).

Implementing a 360° process without consideration for the organization's culture can significantly damage relationships and an individual's ability to work with others. When considering using 360° Feedback, the first factor is to determine the purpose for the process. 360° evaluations are designed to provide a source of measurement to help gauge an individual's progress at a point in time. Such programs can be useful for benchmarking and identifying development opportunities and for tracking personal growth and development. Research, such as the study behind the book *Good to Great* by Jim Collins (2001), looks at successful organizations as models and refers to, "having the right people on the bus and getting the wrong people off," illustrating that 360° process can help identify valuable individuals. An organization's culture, level of trust among individuals, and the respect they show for one another also play a significant role. If cohesiveness, trust, and respect are high, individuals can share freely and honestly.

Although a majority of organizations believe 360° programs should be used for developmental purpose only, there are some that use the results to help determine performance ratings, which may have a direct impact on pay and promotions. Several issues have been brought up when the 360° program is used for performance. Incentive-based uses, such as raises and

Figure 1: Sample Assessment Scales

LEADERSHIP

Degree to which this person takes a leadership role. Shows initiative to get things done. Acts as a motivator to get others to contribute. Provides tools and access to resources to enable others. Rewards and takes corrective action to set the context for the organizations culture. Sets an example for others to follow.

TEAMWORK

Works with others to insure everyone can contribute to the goals that have been set. Knows his/her role and the skills needed to be effective. Offers to help and guide others where possible. Creates a collaborative environment where knowledge is shared. Understands stages of development and helps facilitate working through issues. Provides feedback to others and is open to receiving feedback.

COMMUNCATION

Communicates clearly when he/she has something to say. Listens to others and takes into account their comments and opinions and makes sure their perspective is understood. Is responsive and proficient in communicating to others. Knows how to use technology to get a message communicated when needed.

INNOVATION

Has knowledge of current products, services, and processes, and their strengths and weaknesses. Knows how to evaluate the current environment including customers and competition and potential changes in market conditions. Comes up with ideas and approaches to meet the needs of a changing marketplace.

CUSTOMER SERVICE

Is responsive to customers' needs. Has relationships that allow for an open exchange of information. Is proactive in working with customers to fulfill their current need and solve issues. Develops relationships for the long term. Becomes an integral part of their overall success.

promotions, may undermine the spirit of the 360° process as an evaluative tool.

A Case Example: Pennsylvania National Bank (PNB)

An example of how one organization was successful using the 360° process involved Dennis G. Dunn (1998) Chairman, President, and CEO of Pennsylvania National Bank (PNB). PNB moved from a traditional manager subordinate review process to 360°, which provided actionable feedback to drive a leadership management paradigm shift from an administrative focus to one that focused on service and sales. Dunn, faced with replacing teams of hierarchical organizations that used a top-down assessment of performance and career development, found the traditional process of assessing employees was inconsistent with the new goals of a flatter organization, which called for empowered employees, accountability, and major functional management.

A two-year collaboration effort between PNB and Delta Consultants of Pennsylvania drove the organizational change at PNB. The process included the use of PRAXIS,® a software-based assessment tool created by ACUMEN, of San Rafael, California. PRAXIS is a 360° Feedback assessment system that solicits input from individuals as well as from their superior(s), peers, and direct reports.

In the first of three sessions conducted by Delta, PNB leadership employees assessed themselves and others and obtained feedback on core leadership and management competencies similar to those described in *Figure 1*.

In sessions 2 and 3 participants gained an understanding of their individual assessments and received guidelines to determine how to develop a few skills at a time that would best contribute to their leadership growth. Participants also received specific instructions on how to craft a Goals Action Form for developing those skills and achieving SMART goals. *Figure 2* gives an example of such a developmental tool.

A Six Stage Process to Implementing 360°

1. Preparation Stage

The Preparation Stage of the implementation process determines how the 360° program links to the overall goals and organizational strategy and the overall performance management, succession planning, and career development process. This stage also addresses whether the program will be used for evaluative and/or developmental purposes.

The preparation stage also determines what the evaluation will address and if the process requires a pre-packaged product or a customized evaluation. When evaluating pre-packaged 360° Feedback programs, note whether they offer a development guide or post-results process in conjunction with the program. David Campbell (1998) from the Center for Creative Leadership has created the Campbell™ Leadership Index which includes this type guide. It is also important to determine if the evaluation will include narrative questions or just focus on a quantitative assessment. Quantitative assessments are faster and easier, but qualitative assessments can provide more robust and detailed feedback with specific examples, which can make the individual's development plan more actionable.

Another consideration is to determine who in the organization should be part of the process. If the process is simultaneous (where all individuals will be assessed at one time), make sure resources, organizational changes, and work schedules are kept in mind. For example, implementing a 360° process at an accounting firm during tax season will probably have a negative impact in terms of completeness and response rate.

M. E. Sederburg (1998) also suggests the need to determine how the raters will be selected, by the individual, by the supervisor, or by some combination. Another important decision is who will see the data and communicate with the individuals involved in the process to indentify what information will be provided and to whom.

Figure 2: Sample Professional Development Career Plan of Action

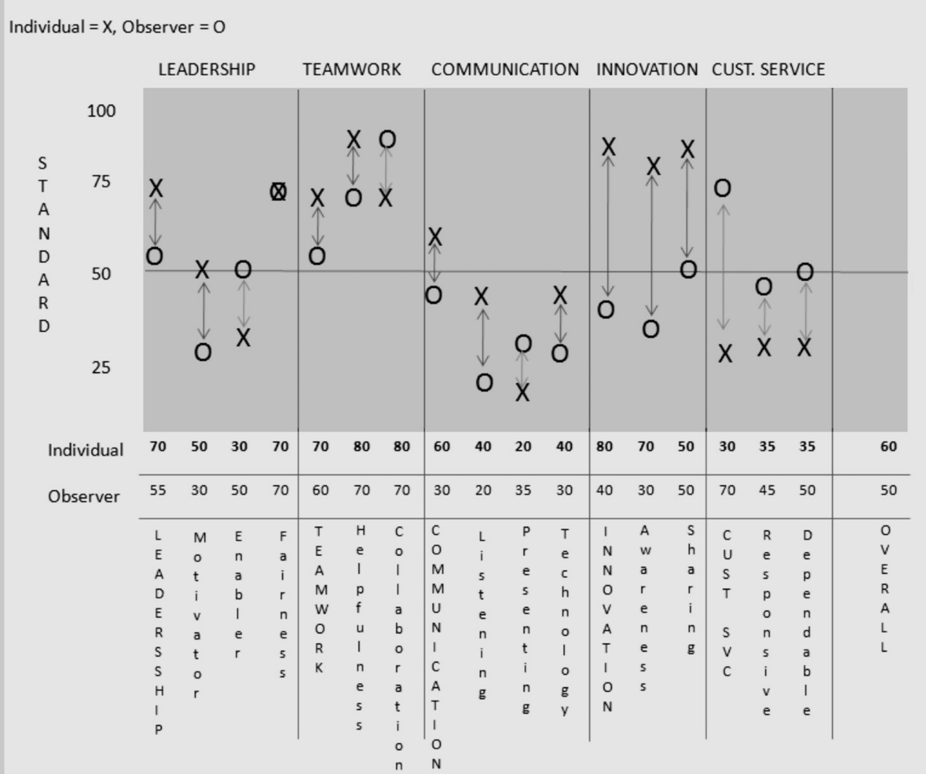
GOAL	COMPETENCY ADDRESSED	PLAN OF ACTION	RESULTING PROFICIENCY
Short Term (next 12 months) Develop the skills necessary to move from cashier to head cashier	■ Math Skills ■ Customer Service Skills ■ Computer Skills	■ Attend junior college Math 101 ■ Complete in-house customer service course ■ Learn word processing and spreadsheet skills	■ Have the ability to perform math calculations required as a head cashier ■ Have the ability to be a first point of contact and know where to get additional help if necessary ■ Be able to write end of day report and complete spreadsheet of the day's activity
Intermediate Term (1–3 years) Develop skills necessary to move from cashiering into investment products trainee	■ Financial Literacy ■ Investment Categories ■ Relationship Management	■ Attend the investment overview course ■ Shadow an experienced investment representative	■ Know financial terms and products ■ Be able to educate customers on various products ■ Be able to assist experienced investment representatives

A clearly laid out project plan, communicated, and investigated for potential deviations from the plan is also involved in the preparation stage of the implementation process.

2. Introduction Stage

The Introduction Stage calls for determining factors such as the context in which the 360° Feedback program should be introduced and training for raters providing context and examples, especially in cross-functional or cross-cultural scenarios. Raters will need to be reminded to focus on the areas of measure and to put aside biases and general impressions. Remind raters that responses should be based on present conditions rather than ideal situations and emphasize the point is to use the 360° Feedback program as a tool for improvement and to identify a starting point. Timelines should also be introduced along with resource requirements to help gain commitment from the participants, the organization, and department heads. People who will help coach a rater (the one giving feedback) through the development process with information and ideas related to specifics should also be identified. The introduction stage should also include managers as they are responsible for the development of their employees. Make sure to test for raters' understanding and ensure everyone has the same frame of reference. Make a list of raters and ratees that includes contact information. This is important for managing the process and to see who and how often raters are asked to participate, as well as to track completion rates and manage project timelines. As a final note in the introduction stage remember to be sensitive to the confidentiality of the raters.

Figure 3: Individual / Observer Comparison Indexnal Development



3. Administration Stage

In the Administration Stage, determine if the proximity of the individuals will present difficulties. Timing can also impact the process: the closer the administration of evaluation to the time of feedback, the more direct the impact. Determine the role of technology and if everyone has access, and plan the rollout with appropriate access to evaluations and resources. Monitor progress and remind participants of upcoming deadlines. Check to see if individuals need help, and as a final step in this stage, collect and consolidate input.

4. Analysis Stage

In the Analysis Stage it is important to note the necessity to keep in mind cultural differences that have an impact and to check for consistencies in scoring. Determine if the differences are due to how individuals are seen by others or because of differences in the cultural norms of raters. Other factors to determine are: How the data will be analyzed and for what specific purpose; whether or not the analysis will compare individuals to predefined standards; if there will be comparisons to competencies, historical and/or previous 360° Feedback data for individuals or to data from others; and if individuals will be compared to others or around their own set of expectations. Also determine if the analysis will be shared with individuals, supervisors, peers, etc, and what the implications might be given the data and output; if considerations should be given for “where they are” vs. “where they want to develop to” and with input from others; and consider whether individuals from different cultures will be participating in the 360° Feedback process.

5. Feedback Stage

When considering factors in the Feedback Stage it is important to put data in the context of the overall strategy and what it means to individuals while keeping the culture of the organization in mind. Include the necessary Level Setting component to prepare individuals to receive the feedback. Precautions should be taken to ensure that results are provided to individuals in the appropriate context and with an explanation of what the data implies. Tie the feedback to correlations with the individuals’ positions, successes and/or failures and instruct individuals to view the feedback from an overall improvement perspective. Final steps in this stage should include: A walk through of data and the feedback with individuals to look for points of agreement and disagreement and to put a plan in action. There needs to be an agreement with the data and a discussion around the differences in scores to explore any misconceptions or misunderstandings.

6. Follow-up Stage

It is important to ensure follow-up by working with individuals to develop action plans and determine what they want to improve based on the feedback received. Approach and address three to five items during a six month period to allow for a focus that includes metrics. Goals should be selected on the basis they are both measurable and attainable, and remember to use the SMART model: Specific, Measurable, Attainable, Relevant, and Timely. Determine what the measures of improvement will be and set checkpoints over time to measure progress. As a final step in the follow-up stage, check back regularly to monitor progress and determine if help is needed to address additional issues.

These stages of implementation are not meant to be prescriptive, but to provide insights for issues to be considered. Other considerations to keep in mind that may significantly impact the overall return on investment from a 360° initiative include: Familiarity with Ratees, Raters, Organizational Culture, and Follow-Up Strategy.

Adapting & Customizing 360°

Organizations differ in how they use 360° Feedback process. Some organizations use it as an alternative to performance appraisal; others use it in conjunction with a standard performance appraisal process. In some organizations it is seen as a component of career development and required for job progression, and in others it has become a check the box activity. The key to effective adoption and implementation is to let everyone know how the process will be used and what the expectations around it are. If an off the shelf version does not fit, customization to an organization’s unique environment is an option. Here are some of the types of individuals that may be involved in the process.

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Low Performers

Lack of self-awareness or under-rating ones strengths are indicative of under achievers. Blind spots may reflect the self-raters areas of overestimation of their abilities and skills, leading them to think they can do more than they actually can. Eichinger and Lombardo (2003) caution to watch out for blind spots, they state “The fatal pattern in lack of self-awareness is relatively high self-rating compared with those of others, especially the boss” (p. 38). Research by Stone (1994) indicates people tend to overestimate their facility at more complex tasks. Similarly, Vonk (1999) found people tend to brag or engage in self-promoting behavior when they thought the claim could not be verified and that statements were a matter of opinion. Harris and Schaubroeck (1998) reported it is well established that self-ratings tend to be higher than those of others.

When using self-rating without direct

feedback from others, the individual should focus on three to five areas with the largest, most significant gaps to help build a development plan. The selected areas should be linked to the level of importance in the organization and how other successful individuals have developed. This approach gives individuals the opportunity to develop and feel closer to the organization and their colleagues, which is crucial early on when turnover rates for new employees are high.

Raters

There are a few considerations when working with raters. Burnout is one of them. Keep track of the number of times a rater is asked to complete a 360° evaluation for someone else. An organization may set a one or two month time period during which individuals are asked to complete all evaluations and a rater may be responsible for providing input for 30–40 individuals. After a certain point, raters can experience fatigue, distorting their view. To mitigate this problem, careful planning is important to avoid such situations.

Continuous organizational change can create difficulties finding 8–10 individuals who know one individual well enough to provide insightful feedback. When this is the case, what often happens is a first impression approach, only surface level traits are measured and no substantial degree of insight, other than in a few general areas, is provided. Individuals selected to rate another individual should generally have at least six months of regular interactions with the ratee. Research by Eichinger and Lombardo (2004) found that the known for one to three years group is the most accurate, and in the known beyond five years group ratings go up.

An alternative to help overcome this issue is to ask individuals to build a list of items based on those involved with the 360° evaluation and compare them with overall mean ratings from others in their functional areas. Individuals should determine which areas have the largest gaps and based on this, without feedback from others, individuals should focus on the three to five with the largest, most significant gaps. Caution should be used in this approach due to hidden and blind spots of the self-rater.

Organizational Culture

If there is a strong team dynamic and collaborative environment, sharing results with team members allows for a positive environment where others are willing to help and can also develop themselves as they give help. Showing vulnerability can cause individuals to be perceived as weak in competitive cultures. In such a case the sensitive information should be shared with discretion and limited to a select group of individuals. Additionally, competitive cultures often have "winner take all" mentalities. President of Lean Affiliates, Mark Edmondson wrote in his article "ABCs of Rank and Fire Management," according to one study, about 34% of firms rank employees using employee ranking systems such as 20/70/10 forced ranking process (Edmondson, 2006). Edmondson also wrote:

> GE may be the most high-profile company using employee ranking—20% of salaried, managerial, and executive employees are rated "outstanding" each year, 70% "high-performance middle" and 10% "in need of improvement."...In the 2000 annual report then-CEO Jack Welch wrote, "GE leaders must not only understand the necessity to encourage, inspire and reward that top 20 percent...they must develop the determination to change out, always humanely, that bottom 10 percent, and do it every year. (p.1)

Again caution should be taken with a "rank and yank" approach due to possible negative results. Bill Conaty, GE Senior VP, human relations said, "We [at GE] had a system where 90% of employees felt demoralized" (as cited in Edmondson, 2006, p.1). Fans of forced ranking systems claim it ensures that managers take a cold look at performance. However, following a string of discrimination lawsuits from employees, fewer companies are adopting the controversial management tool. Striking a balance between a strict measurement and managerial judgment is something every company is faced with today. Susan P. Peters, GE's vice president for executive development launched a proactive campaign to remind managers to use more common sense in assigning rankings, has removed all references to the 20/70/10 split from GE's online performance management tool, and now presents the curve as a set of guidelines (as cited in McGregor, 2006, p.1).

Follow-Up Strategy

The development strategy after feedback is often overlooked. An organization can easily get into a check the box mentality to complete an activity rather than to start a process. To prevent this there are a few approaches that can help focus on the "what" and "how." One approach is to focus on the areas that the individual has decided to improve upon to make prioritization

An organization can easily get into a check the box mentality to complete an activity rather than to start a process. To prevent this there are a few approaches that can help focus on the "what" and "how." One approach is to focus on the areas that the individual has decided to improve upon to make prioritization easier in terms of ease of improvement vs. importance of improvement. Selecting items that are both easy and important allows for quick success and can motivate action to tackle other more challenging developmental items.

easier in terms of ease of improvement vs. importance of improvement. Selecting items that are both easy and important allows for quick success and can motivate action to tackle other more challenging developmental items.

There are also many pragmatic and legal considerations when using the 360° Feedback process as an evaluative tool. For instance, employee focus may shift from getting the job done well to that of trying to please others. Pfau et al. (2002) indicates the results may present a form of collusion amongst employees or may produce retaliatory behavior toward other work and non-work incidents. The bottom line is that productivity can suffer as a result.

Craig Chappelow advises (2004), when used incorrectly, the 360° process may also produce inefficient and costly results for both the individual and the organization (Chappelow, 2004). Improper use can also cause permanent damage to the personal and professional relationships individuals need in order to be successful. Additionally, poorly implemented programs can cause riffs in functional and reporting relationships, resulting in low morale and lack of cooperation among work groups.

It is important to note that 360° Feedback programs are simply the beginning of the development process, not the end point. All too often 360° Feedback programs are approached as a checklist. Organizations often do not have the staff, knowledge, or skills to follow through on the development components that link back to overall organizational strategies and individual career development. These components are the key to its success and if excluded or done incorrectly, the process may prove a waste of time and resources.

When evaluating whether or not to implement a 360° Feedback program, it is important to identify a starting point and overall goals. Once the starting point is indentified, a plan of action can be designated to focus on multiple areas including upward mobility, personal development, and organizational strategy. Upon determination that a 360° Feedback program should be implemented there are multiple factors to be considered in a sequential process: Preparation, Introduction, Administration, Analysis, Feedback, and Follow-up.

Summary

While the debate over the correct use of 360° feedback may continue for years to come, this paper has identified some of the considerations to provide a perspective for implementing an effective process. If a 360° Feedback process is already in place, some points to consider have been discussed to enhance the overall usefulness of these programs for an organization. Communicating expectations throughout the organization helps individuals focus on their roles and related responsibilities. Linking the 360° Feedback process to the larger organizational strategies, such as succession planning and career development, ensures that the monies spent demonstrate a positive return on investment. Most important, the assessment process is just the starting point in a development process to help ensure the right people with the right skills are ready when needed.

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