360-degree Feedback

Best Practices

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LEADERSHIP & TALENT MANAGEMENT

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INTRODUCTION

WHAT IS 360-DEGREE FEEDBACK?

360-degree feedback, also known as “multi-rater feedback”, is employee development feedback that comes from all around the employee, i.e. those individuals that interact with the person. "360" refers to the 360 degrees in a circle. The feedback would come from subordinates, peers, and managers in the organizational hierarchy, as well as self-assessment, and in some cases external sources such as customers and suppliers or other interested stakeholders. It can be contrasted with the traditional performance appraisal, where employees are most often reviewed only by their manager.

THE BENEFITS OF 360-DEGREE FEEDBACK

Research has consistently shown that 360-degree feedback is one of the most effective tools available for developing leaders. A study performed on over 350 companies by Warren Bennis and Linkage, Inc yielded the following response to the question[1]:

“Please indicate the top four key features that most impacted the success of your leadership development program.”:

Action learning:	73%	Global rotations:	13%
360-degree feedback:	67%	Informal mentoring:	7%
Exposure to senior management:	67%	Internal case studies:	7%
Exposure to a strategic agenda:	53%	Executive MBA:	7%
Other (Personal development plans, training, cross-divisional networking, sharing best practices, etc):	46%	Formal mentoring:	0%
External coaching:	26%	Accelerated promotion:	0%
Cross-functional rotations:	20%	Conferences:	0%

360-degree feedback works because:

- It offers a much broader perspective than manager-only feedback
- The feedback is perceived as more valid and objective by the receiver, leading to a greater acceptance of the need to make changes

[1] Linkage Inc.'s Best Practices in Leadership Development Handbook

- As leadership effectiveness improves, there are often corresponding improvements in employee engagement and retention, which ultimately improves business results

That said, implementing 360-degree feedback has many possible pitfalls, and a misstep can result in the initiative doing more harm than good. It is not unusual to meet an executive who is strongly resistant to implementing 360-degree feedback in an organization, typically due to prior experience where the tool was poorly executed.

The purpose of this white paper is to suggest best practices that will avoid the typical pitfalls and maximize the benefits of 360-degree feedback.

BEST PRACTICES

1. *ENSURE THAT THE ORGANIZATION IS READY*

Before implementing 360-degree feedback, it is essential that the organization is ready for implementing 360-degree feedback. Here are some signs that the organization may not be ready:

Environments that are low in trust

If 360-feedback is implemented in organizations that are experiencing extreme levels of communication breakdown, conflict and interpersonal tension, reviewers can become vindictive, and people under review may have a hard time believing the feedback is well intended. The result is often that feedback only makes the problem worse. These situations are better served by understanding and mitigating the root cause of the stress directly, before attempting a 360-feedback initiative.

Recent reorganization

In very new organizations, reviewers may not have had enough time to work with an individual to provide honest feedback. In a company-wide implementation, some of this is typically unavoidable, but when there is has been a major reorganization, it may be best to hold off for 6-12 months before implementing a 360-feedback process.

Abilities of managers

In some organizational cultures, many managers have trouble holding frank feedback & coaching conversations with employees. Since part of a good process is that anyone receiving 360-degree feedback should discuss it with his/her manager, it follows that managers should have a level of skill in the interpretation, delivery and associated coaching skills in order to make the process work. This can often be addressed through training.

We have seen a number of examples where organizations have reached a high level of readiness just by holding a short session that explained the process and its benefits to all stakeholders. By demystifying the process proactively, people tend to become open to it.

2. MAKE THE PURPOSE CLEAR

The primary uses of 360-degree feedback are:

- Leadership/self-development
- Performance evaluation
- Succession planning

It is essential to communicate the purpose thoroughly with all stakeholders. The purpose will affect the number of people who will have access to the data, which also needs to be communicated proactively, so there are no surprises.

As with traditional performance appraisals, 360-degree feedback should never be directly tied to compensation. If this is done, many reviewers (particularly the bosses) tend to complete the questionnaire according to how much money they feel the person should get versus thinking about their actual behaviour. While the 360 can serve as one input, compensation should be based on other factors such as the job market, risk to lose, track record and future potential.

3. START AT THE TOP

It goes without saying that for any manager that does not buy-in to the notion of 360-feedback, any initiative is likely to fail in his/her team. If the CEO does not role model the behaviours of soliciting feedback and involving others in his/her development, nor will others. Conversely, the CEO that displays strong buy-in to the program becomes a powerful role model to the executive and ultimately the whole company.

In summary, the person at the top must be committed and must be treated the same way as everyone else on the process.

If implementing 360-feedback in large organizations in stages, the first stage should always be executive, followed by middle-management and so on.

4. SELECT THE RIGHT TOOL

There are a myriad of 360-degree feedback tools out there. Not all will be right for your organization. Broadly speaking, there are only two approaches that work, these being standard and custom-designed tools. Both can be implemented to collect feedback confidentially, using online methods.

Note that paper or e-mail based methods of collecting 360-feeback are inherently not anonymous and rely on the manager to (often subjectively) collate the information. As a result of these problems, in addition to the time burden placed on the manager, we do not recommend paper or e-mail based 360-feedback surveys.

Standard Tools

Many standard questionnaires are available as online assessments from a number of vendors. Some examples include:

Tool	By
Action Knowledge 360	Action Knowledge
Benchmarks 360	Center for Creative Leadership
Checkpoint 360	Profiles International
Executive Leadership Survey	The Booth Company
Leadership Practices Inventory	LPI Online

There are large differences in value in these standardised tools, based on how data is reported and the interpretation guides that are provided. In general however, standardized tools will be subject to the following advantages and disadvantages:

Advantages of standardized tools	Disadvantages of standardized tools
• The questionnaires have typically been validated through prior use and research • Good competency models in general • Participants can be compared against normative data (where this exists) • Comprehensive interpretation guides typically exist • Automatic collation of responses • Can be implemented confidentially online	• More difficult to align the feedback to what is important to the organization and each individual (many do have a method for determining an optimum profile, but it can be cumbersome to match it to each job) • Higher cost per participant (typically \$150 - \$500 per participant, for any number of reviewers) • May need to be facilitated by a certified or suitably trained individual to be effective

Custom Tools

Many vendors provide software that allows customized 360 questionnaires and processes to be efficiently deployed in organizations.

Some examples include:

Tool	By
20/20 Insight Gold[2]	Performance Support Systems
E-Listen	Scantron Corporation
Panaramic Feedback	PanoMetrics
MVP	Mindsolve Technologies
ECustom, Compass	Right Management Consultants

Here are some general guidelines regarding advantages and disadvantages of using the custom survey method:

Advantages of custom tools	Disadvantages of custom tools
• Can be completely aligned to the competencies important to you • Reports are typically easy to interpret and may not need specialist facilitation • Low per-participant costs (typically $40 - $200 per participant, for any number of reviewers) • Automatic collation of responses • Can be implemented confidentially online	• If good survey design principles are not adhered to, feedback may become hard to interpret or even invalid • Normative databases do not exist (although one can be created for your own organization if necessary) • One-time software cost (Typically $6000 and up). Can be mitigated by using a 3rd party vendor to execute the surveys

[2] Kwela uses this 20/20 Insights Gold extensively for its own client work, and is a licensed reseller of the software.

Custom Tool Selection

When selecting a custom software tool for executing the surveys, here are some of the most important features to look for:

- The notion of a project that contains multiple participant surveys – many tools (particularly some inexpensive online tools) do not allow multiple surveys to be managed under a central project. As a result, administering a 360 for a whole group of individuals becomes extremely time-consuming, as each administrative step must be repeated for each individual. A good 360 tool should allow tasks to be automated across a whole group with minimal keystrokes.
- Dual-rating scales (please see below under "Survey Design" for a description of how this is used)
- Ability to do pre/post assessment comparisons – this is useful to assess the degree to which a participant has made changes over time.
- Ability to construct aggregate data for your organization – can be used to create internal benchmarks, as well as to identify common trends and training needs.
- Ability to present and sort the data in ways that facilitate interpretation.

Survey Design

When using custom tools, the most critical item becomes the design of the survey itself. All custom-designed must adhere to best practices in survey design to be effective. Following these steps will maximise the validity and reliability or the feedback, and make it easier to interpret:

a. Use a good competency model. The competencies become the survey categories, and the final report will show participants how they rate on those categories, providing a higher-level view of the feedback than just the individual questions. You have the choice of using competencies related specific to your organization or something covering all aspects of leadership, or some combination of both. Either way, try not to categorizing things too generally (e.g. "Leadership"), or the results will be harder to interpret. Here is a sample competency/category model:

Customer Focus	**Developing Followership**	**Performance Management**
Strategic Thinking	**Relationships & Team Playing**	**Delegation**
Innovation	**Tactical & Achievement**	**Coaching**
Creating a Vision	**Personal Organization**	**Personal Growth**

b. The questionnaire should not be too long. People are busy, and expecting them to spend too much time providing feedback will tend to reduce the quality of that feedback. Keep in mind that some reviewers may be selected to provide feedback to many individuals. Most tools allow open-ended written comments throughout the survey. However, this does come at a cost, which is increased survey fatigue for reviewers and data overload for participants (which can make synthesis of the feedback more difficult).

   A good guideline is to limit the length to no more than 40 rated questions (multiple choice) and no more than 2-3 open-ended (text based) questions.

c. Questions must be single-minded and pointed, for example:

   "*Please rate his/her leadership ability*" is too vague to be useful.
   "*Please rate the extent to which he/she sets clear goals*" is better.

   Each question must relate to a single, observable behaviour.

d. Questions must be a short as practically possible. The longer the question, the more likely that it will be misinterpreted.

e. Questions must be unbiased. Example:

   "*Please rate the extent to which he/she makes excellent decisions*" is biased.
   "*Please rate the quality of his/her decision making*" is better.

f. Questions must be categorized properly. A very useful practice is to define a number of categories, typically aligned to organizational competencies (for example: "Building relationships", "Strategic thinking", etc), and to then associate a number of questions with each category. The participant then sees which categories received higher vs. lower scores, which greatly aids interpretation.

   When using this method, it is essential that questions are thoughtfully placed in categories that make sense, otherwise any category analysis can become hard to interpret or even invalid, for example:

   STRATEGIC THINKING

   - Anticipates future problems long before they occur
   - Correctly analyses complex business issues
   - Considers the long-term implications of decisions

g. For rating scales, we suggest using a Likert scale with at least 7 points (10 is ideal), and properly anchor the scale. Ask for the extent to which the person exhibits the behaviour, and NOT on the frequency with which that they display it (not all behaviours need to be displayed with an equal frequency, and asking about it tends to confuse reviewers and ultimately the person reading the report).

h. Use a dual-rating scale. In the absence of normative data, the question "how good is good enough?" must be answered, and the bias of certain people to rate higher or lower must also be accounted for. A dual rating scale accomplishes both of these objectives by having the reviewer answer the following *two* questions for each questionnaire item:

- To what EXTENT does this person exhibit this behaviour?
- Given his/her role, to what extent SHOULD this person exhibit this behaviour?

The survey tool should then subtract the above answers and provide a gap analysis in the final report. The importance of this in allowing for easy report interpretation cannot be overemphasised, and not all custom tools support the feature.

5. Ensure Confidentiality

Confidentiality is important in two areas:

Firstly, for reviewers to give candid feedback, it is essential that they be able to give it confidentially. This is the reason that paper or e-mail based systems are fraught with difficulty and tend to fail over time. The capability can really only be provided via online systems, which can be standard or custom-designed.

Secondly, participants must understand up front who owns the final data (i.e. has access to the report). The more parties there are that have access to the data, the more potential there is for resistance to the initiative from the participants themselves, so be careful in this area. The following table shows recommendations on who has access to the data, depending on the purpose:

	Leadership/ self-development	Performance evaluation	Succession planning
Participant	X	X	X
Manager	(X)	X	X
HR		X	X
Succession planning committee			X

6. GIVE PARTICIPANTS INPUT INTO REVIEWER SELECTION

Giving participants ownership to the selection of reviewers can go a long way to ensuring that they are bought into the overall process. We suggest that reviewers be selected as follows:

- Have each 360 participant select his/her own reviewers
- Then, have their manager or HR review the list and make any final additions/deletions in consultation with the participant

7. ELIMINATE DESTRUCTIVE FEEDBACK

Very occasionally, a judgemental and potentially hurtful comment may show up in a 360 report. It is generally not a good idea to pass these on to the participant, as it can completely overshadow anything positive that is being said, reducing buy-in into the overall process.

That said, difficult feedback should remain in the report, as long as it refers to specific behaviours that the participant can benefit from being made aware of.

For example:

- "Suzan is obviously an unhappy and bitter person" ... should be removed.
- "John has a bad habit of giving people hell in public – this is why he has lost respect" ... should stay, because John could actually do something about his behaviour based on this feedback.

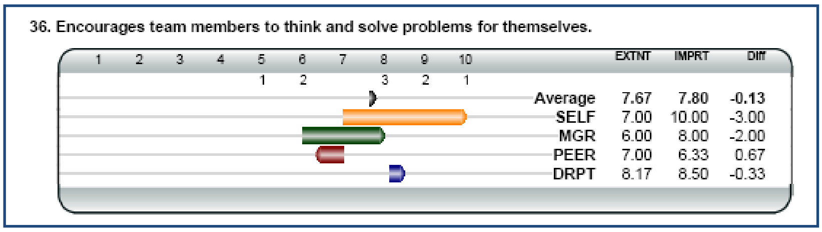
Although not always practical, it is a good idea to have a 3rd party scan the comments in each report and remove comments that are obviously destructive. This 3rd party could be an HR person, the participant's manager, or better still - an outside consultant.

8. PROVIDE REPORTS THAT FACILITATE EASY SYNTHESIS

As mentioned earlier, the report that is given to the 360-degree feedback participant has one primary purpose – which is to assist with the formulation of a meaningful development goal. Consider implementing the following if the tool you are using allows it:

- If you are using a dual-rating scale, display graphs of the gaps, as opposed to raw scores.
- Arrange all reported categories and questionnaire items from highest scoring to lowest scoring
- Start with a category summary before showing scores on individual questions that make up the categories
- In a separate section, list the highest and lowest scoring individual questions (we recommend 5 of each)
- List responses to open (written) questions in one part of the report, so that they can all be read contiguously.

Here is an example of responses to a single survey item:



The above shows the ratings in both numerical and graphical format (the latter is far easier to interpret). On the graph, the length of the bars show the gaps, where the flat end represents the reviewer's perception of how the person *is performing*, and the pointed end shows their perceptions of how the person *should be performing*. The numbers above are a histogram of where the ratings fell, and the average does not include the self score.

9. PROVIDE SUPPORT FOR INTERPRETING THE DATA

The interpretation of 360-feedback surveys is probably the most critical (and error prone) part of the whole process. Many individuals will be unsure of where to turn upon receiving a small mountain of data, and the result can be that some will pick the wrong development goal, or they will pick too many, neither of which will yield good results.

It can be very useful to offer participants a short training and orientation session to help them with this part. The training should cover typical "work patterns" that individuals fall into, how they would show up in a 360 report, and what effective development goals might look like for each.

It is also important for the individual to find something that they would like to do more of, versus less of (people find it a lot harder to stop doing a long established behaviour, but are more likely to succeed at doing more of a different behaviour that may balance or mitigate it).

In addition, the development goal chosen must to resonate for each individual and should make a significant difference in that person's role.

RECOGNIZING TYPICAL WORK PATTERNS

Here are some examples of typical work patterns, how they show up in the 360 report, and what a valid development goal might look like:

Overly strategic, but poor on execution

This individual is typically strong on big picture thinking, is often influential and persuasive, but views implementation details as a nuisance, and as a result tends to keep too much distance between himself/herself and direct reports.

The 360 would likely show:

- Higher ratings from boss and peers on anything related to strategy and influence

- Lower ratings from direct reports on anything relating to goal setting, feedback and coaching
- Possibly low ratings from direct reports throughout the survey, if they perceive the person as aloof and out of touch with them
- Lower ratings on anything related to being organized, reliable, or following through on promises

Possible development goal:

- Focusing on goal setting, giving feedback and possibly listening/empathy within own team

The "Firefighter"

This individual is typically very responsive to any crises related to his/her area. Sends and receives many e-mails and is constantly checking the Blackberry. Is typically swamped with meetings. On the other hand, this person spends little time on strategy and rarely drives needed change in the organization. Long term goals tend to languish and are often not met.

The 360 would likely show:

- High ratings on anything related to tactical, action-orientated work
- Low ratings on anything related to strategy, vision and change management
- Low ratings on anything related to delegation
- Multiple comments relating to strong work ethic

Possible development goal:

- Focusing on delegation and time management with a view to working more strategically

The Advocate

The "advocate" is typically an employee who has been with the company for some time, knows the business well, and has a good sense of what needs to happen strategically. Often the technical expert. He/she constantly advocates for change, but struggles to relate well to others and consequently has difficulty influencing the situation.

The 360 would likely show:

- High ratings on anything related to knowledge of the business, customers and products
- Low ratings on anything related to relationships (particularly with peers), and comments that may indicate high levels of conflict
- Low ratings on anything related to influence

- Comments that describe high levels of passion and caring for the business

Possible development goal:

- Becoming more influential by balancing strong advocacy skills with a focus on listening and conflict resolution

The “DOer”

The “DOer” is typically an individual who was promoted to lead his/her old team. The core work of the team (at which this individual probably excelled at to earn the promotion in the first place), remain in his/her comfort zone, and consequently the individual focuses on carrying out tasks of the group instead of managing the team. Is often the “go-to” person for any issue related to the function of his/her team. The “DOer” can be quite effective when the group is small, but becomes less effective as the group and associated responsibilities grow.

The 360 would likely show:

- High ratings on anything related to tactical, action-orientated work
- High ratings on anything related to technical expertise, as well as multiple comments to this effect
- Lower ratings from boss and peers on anything related to the strategy, vision and direction. The report may also indicate high levels of conflict with these groups due to an over-focus on own time versus broader goals that the boss and peers care about
- Low ratings on anything related to delegation, and multiple comments to this effect
- High ratings / positive comments relating to work ethic

Possible development goal:

- Focusing on delegation / feedback within own team and strengthening relationships with peers

Taking on too much

This individual takes on too much and endures constant stress and personal sacrifice, working late and often on weekends. While everyone appreciates the hard work, the individual gradually becomes resentful / disengaged, or exhibits heightened levels of absenteeism and health problems.

The 360 would likely show:

- High ratings and many comments on anything related to work ethic
- Multiple comments warning of burnout and suggesting that the person work on saying “no” (others tend to be concerned about individuals like this)
- High ratings on questions that probe the quality of relationships, or listening behaviour

- Possible low ratings on items related to achieving results, if the individual promises so much that he/she cannot deliver despite the hard work
- Low ratings from direct reports on questions that relate to sensitivity to others, if the individual has similar expectations of direct reports with respect to work ethic

Possible development goal:

- Assertiveness and conflict resolution

10. PROVIDE SUPPORT TO DEVELOP PRACTICAL ACTION PLANS

While having a clear development goal is essential, it is not enough. The development goal must be turned into actionable steps that can be taken to move towards it. For example:

Development goal: Assertiveness and conflict resolution

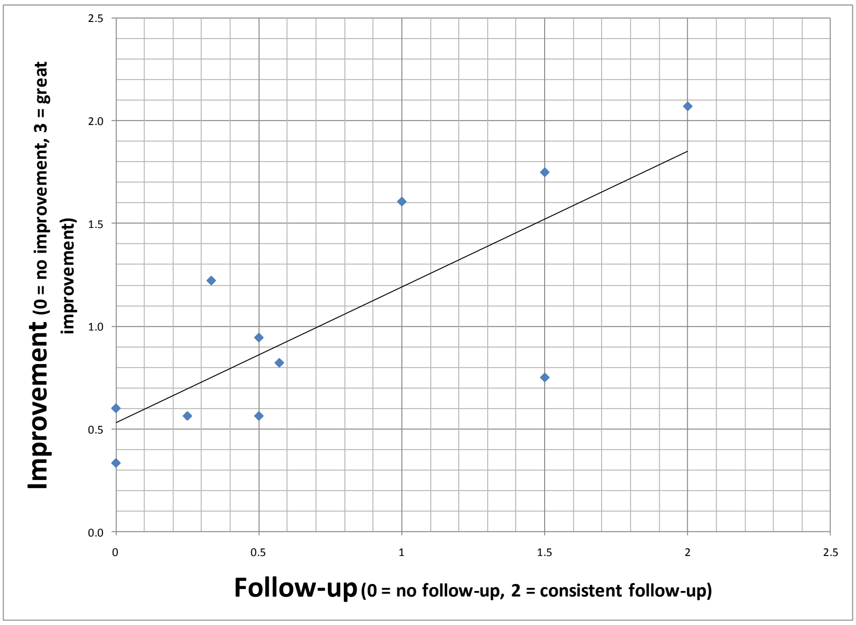
Action steps:

- *Take an assertiveness or conflict resolution training course by June*
- *Maintain an updated priority list, review with the boss every 2 weeks*
- *If an urgent request cannot be met in regular work hours, either say "no" or deprioritize something else, consulting the boss if necessary*
- *Hold monthly 1-on-1's with the team, and ask them about their workload. Ensure that each member is comfortable with expectations*
- *Develop a simple and objective way to measure the workload of the group by next month and begin monitoring it*
- *Begin advocating for a new hire immediately*

Action steps should ideally be developed in conjunction with the boss, or even better, in conjunction with peers via a facilitated session.

11. ENSURE THAT PARTICIPANTS INVOLVE OTHERS

In the words of Marshall Goldsmith, "leadership is a contact sport". Individuals tend to make little progress when the entire plan is kept in their own head. It is essential that individuals be encouraged to share their development goal and action plans with those around them, and ask for regular feedback. Our own experience shows that individuals who do this show at least three times more improvement than those who do not involve others in their journey. The graph shown demonstrates this point by showing a 360 measurement of an actual group that completed a leadership development program:



In addition to encouraging this type of informal follow-up, managers should regularly review progress towards the development goal (Quarterly tends to be an effective timeframe, but use your discretion when setting this up).

12. FOLLOW-UP

They say "what gets measured gets done".

In almost all 360-feedback applications, particularly those relating to self/leadership development and performance management, results are greatly improved through formal follow-up. Follow-up is typically done 6-12 months after the initial survey. Some reasons why it works are that:

- The "pre-knowledge" of a pending follow-up tends to move participants to action.
- Re-measurement allows the value of the initiative to be assessed
- Composite follow-up data can be used to show the benefits of the process to subsequent participants

Options for follow-up include:

- Repeating the entire 360 – this works well if 360 is part of a yearly or biannual performance management cycle.

  It can work in self/leadership development applications too, however the downsides are that:

  - If done too soon after the initial 360 it can generate survey fatigue leading to resistance from reviewers
  - In addition, the success of participants in their chosen development area tends to become buried in the rest of the 360 data, making them feel less successful than they really were.

- Repeating a subset of the 360 targeted at the development goal and just those reviewers who would notice – this works very well in self/leadership development applications.

  This method works because the survey is so short (typically 3 – 6 questions) that survey fatigue is avoided, and more importantly, participants are able to measure their progress on their specific development goal without the data being buried in a large report.

  Certain 360 software tools, such as 20/20 Insights Gold, support this feature very elegantly, and provide an automated report showing pre/post differences on the chosen questions.

SUMMARY

While 360-degree feedback is one of the most powerful tools for developing great leaders, it needs to be done right to be effective. Careful attention must be paid to ensuring that the organization is ready for it and that top management is bought-in before implementing the process. Tool selection is critical, and if customizing a survey, it is essential to adhere to survey design best practices to ensure that data is valid, reliable and easy to interpret. Constraints and commitments related to confidentiality must be explained and respected, and steps must be taken to ensure that an effective list of reviewers is produced for each individual. Participants must be given support on how to interpret their feedback and synthesize it into a practical development goal, which must be turned into actionable steps. Participants must be encouraged to follow-up regularly with their reviewers and boss, and finally, there should be a formal follow-up to measure progress.

ABOUT THE AUTHOR

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