

Are You Ready for 360 Degree Feedback?

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(Editorial Note: The following information covers the use and application of 360 degree feedback and various needs and preparation that should be considered in implementing the process. The information is designed to describe the most ideal preparation and structure to expect the maximum benefit from the process.

Every company should have this information and each company will decide the methods, procedures and support they will implement in their own companies to assure success. In some areas, basic elements will be part of the preparation with elements added as the process grows. The information is presented to help companies become cognizant of the fact that 360 feedback is in fact a PROCESS not an event and that you don't just decide to "try it out". In the "try it out" mode, there are some risks; therefore, having the information will go a long way to assure success with the process).

360 degree feedback has become a process that most companies are aware of and, while used in some organizations, it is not yet universally used throughout the business community. It should be . . . but organizations need to gauge how ready they are for 360 feedback. 360 degree feedback is a powerful diagnostic/assessment process and can be used in many areas of human capital development and personnel management. This can (and should) raise questions about how the system will be used and how it will affect people. 360 feedback can benefit ALL people in an organization. But to be effective, companies need to prepare to be "ready" for 360 degree feedback. This readiness work is essential for the ongoing success of 360 feedback.

360 degree feedback is not a “thing” that can be packaged and delivered; it is not a “program” that can be implemented on a given date. 360 degree feedback is a process that when begun will be an ongoing quest for continuous improvement. It is a process that requires the identification of the need, an analysis of the current atmosphere for resolution of that need, a commitment of two resources (\$ and time), and detailed plans for implementation and follow-up.

360 degree feedback can and is needed for any size of an organization where there are leaders and managers. It is just as applicable to the entrepreneur with 3 or 4 people working for them or companies with tens of thousands of people. Smaller companies may have an easier time of preparing for 360 feedback, but all companies need to focus on readiness for the process. Since the actual feedback process involves collecting perceptions about a person’s behavior from the person’s bosses, peers, direct reports and fellow team members, the impact of the process requires that the resulting reporting on the gathering of this information requires action. The effectiveness of the feedback is directly linked to the integrity of the process which is measured in terms of commitment, purpose and follow-up.

Let’s review several key areas that need to be examined to assure organizational readiness for implementation of 360 feedback.

I. Business Process Perspective

- Is 360 degree feedback needed to be used in support and implementation of a corporate strategy or accomplishment of a corporate goal?
- What is senior management’s role in the process?
- How will employee development plans be created using the feedback?

- How will those development plans be utilized to align behaviors/expectations needed to successfully implement corporate strategies or goals?

II. Financial Perspective

- Are sufficient resources available to insure a high integrity 360 feedback process
- Have funds been budgeted for follow-up and implementation of suggested changes?
- How does improving/achieving/implementing the corporate strategies/goals impact productivity and profit?
- How will impact of the process be measured?

III. Outside (customer/client) Perspective

- Will there be an impact on customer/client perceptions of the company?

IV. Learning Perspective

- a. How will individual development needs identified by the 360 process be addressed?
- b. Will all leaders/managers be involved in or subjects of the process for comprehensive development identification?
- c. Will aggregate data be obtained to create an organization-wide development plan?

Let's look at these perspectives in greater detail:

I. Business Process:

- d. Is 360 degree feedback needed to be used in support and implementation of a corporate strategy or accomplishment of a corporate goal?

A number of surveys have been conducted on how 360 degree feedback is being used. Generally, 360 feedback is used as follows:

- For management and organizational development (about 60%)

- For performance appraisal (about 25%)
- To support strategy implementation and outline change (about 20%)
- For Team development (about 15% - 20%)

(Note: While about 25% of companies using 360 feedback use it in performance appraisals, most information gathered on the process would nearly unanimously agree that 360 degree feedback should NOT be used for appraisal purposes in companies that are not experienced in the use of the process. For this reason, we suggest to not include 360 feedback for performance appraisals linked directly to compensation reviews. Rather use the process in linking employee development and performance with organizational goals/strategies).

As relates to focus on business process, 360 feedback has been used for achieving business strategy and culture change by clarifying behavior changes needed to focus on changed organizational goals. It has also been used to enhance team effectiveness in organizations seeking to implement a team based structure. Another use has been to help individuals determine their own development needs to help the total organization create a profile of learning and development needs on a company wide basis.

In looking at the business process, 360 feedback can be of use to any organization that truly believes that performance can be improved by changing/modifying/coaching changes in individual behavior where leadership and management behaviors are not occurring at desired levels. (Many times the key reason desired levels of behaviors are not occurring is that managers do not know what is expected of them and/or whether or not their behaviors align with what is expected!)

Companies may want to consider the following questions in consideration of using 360 feedback:

- e. Is the behavior of people in the organization consistent with the vision, mission and values of the organization?
- f. Is there a formal system in place where people receive information on how others perceive their behaviors, skills and performance?
- g. Do selection and development systems reflect the current and future requirements of how job duties are currently being done?
- h. If changes are needed in the performance of your leaders and managers to insure continued and future success of the organization, is everyone clear about what they need to do differently and are they equipped to make those changes?
- i. Can the company meet the challenges of the future using the same skills and behaviors as in the past?

What would be the WRONG reasons for implementing 360 feedback?

One of the hallmark principles of 360 feedback is asking people to be as honest and forthright as possible in giving feedback. (This is also the reason for protecting the anonymity of peers and direct reports)

With this in mind, if there is any belief that the tool will be used for downsizing or terminations . . . you take away the system's integrity. So if, in fact, there is a known pending downsizing in the near future, instituting 360 feedback would not only be inappropriate, it could backfire and be viewed as a tool for elimination.

360 degree feedback should not be considered as a way for gathering documentation against a single problem employee! Face-to-face discussions would be more appropriate for addressing their situations. Imagine the reaction of people if they perceive 360 feedback is being used to “get” someone.

Also, while 360 feedback should not be used to address one poorly functioning employee, it will not – by itself – solve the problems of a poorly functioning organization. However, determining a “poorly functioning organization” is not an easy task, so this caution should be taken with that in mind.

It should also be noted that from a business perspective, 360 degree feedback does not equal Perfect or truly Objective Feedback. While it gives a much more rounded view of a person (than just a boss – self review) by its very nature 360 feedback is based on peoples PERCEPTION of a person’s behaviors and skills. While perception tends to reflect reality, it may not always truly be objective and factual. It is, however, significantly more beneficial than traditional one-on-one feedback.

One last thing to look at in relation to the support and implementation of corporate strategies and/or goals is if Open Communication and Employee Empowerment are desired/valued in the organization. Bureaucratic systems of controls are probably the least conducive to 360 feedback. Since the assessment process by itself is an empowering process, it is key that open communication and an empowering culture are either desired or known to be in place. Communication is critical to the sources of the 360 feedback process. Managers and participants need to be educated and involved from the beginning regarding the purpose and goals of the process.

j. What is senior management's role in the process?

It is simple. Top management should lead the way! Generally, this means that in implementing the process, senior management would be the first people to experience the process complete with all the follow-up. This will set the precedent for all people to participate and generally make senior management much more enthusiastic about the entire process.

k. How will employee development plans be created using the feedback?

The basic issue here is will the participant (employees) be the sole recipient of the feedback and developing their own plan, or will they be required to share some or all of the feedback with their supervisor to work on the plan together?

When 360 degree feedback was first used on a practical basis in the business community, the employee who was the subject of the review was solely responsible for picking all of the other participants and was the only person who looked at the results. They were not required to feedback any of the input received nor were they required to do anything that might relate to the input (learning & development).

Because of this, many 360 feedback initiatives did not work and did not last. The exercise was then an event and not a process.

While the company must address the development process, there should be sharing of information between boss and self (the employee); there should be feedback to peers and direct reports (this does not mean give them a copy of the report) and some

minimum activity should be undertaken to show development. There are no examples of success where information was not shared.

1. How will those development plans be utilized to align behaviors/expectations needed to successfully implement corporate strategies or goals?

This may sound . . . silly; a company would need to have a strategy and goals to get alignment, and the strategy and goals would have to have meaning (not just something printed and put up on the wall in the lobby) and have been shared with everyone in the company.

With everything in place when 360 feedback is added and used, then comparing results from 360 feedback against organizational norms will highlight areas of the business plan that need more attention for individual managers.

II. **Financial Perspective:**

- m. Are sufficient resources available to insure a high integrity 360 feedback process?

Because 360 feedback is so dependent on being conducted in an atmosphere of trust and fairness, and keeping in mind it is an ongoing process (and NOT an event), sufficient resources need to be allocated to insure this will occur.

One thing that always seems to occur when 360 is begun and used properly is some significant measurable payback that far exceeds funds invested in the process. On the front end, benefits expected (targeted) should be established and tracking procedures put in place. Some benefits will be viewed as “intangible” – better teamwork, better

relationships, less stress and conflict, – and while some areas will be difficult to measure, others will not and an ROI can be calculated. This will make funds availability a matter of practice.

Also, since the 360 degree feedback process will identify skill gaps and development needs, and be used to prepare individual and organization-wide development plans, funds must be made available. In an atmosphere of trust, where people feel that the information will be used for development (and not be held against them), they will naturally expect feedback on their improvements from the development process, continued follow-up training and coaching/assistance. They will also expect FUTURE feedback, meaning at least a second round of 360s (or more).

n. Have funds been budgeted for follow-up and implementation of suggested changes?

This relates to the question above. In organizations that failed to deliver in terms of follow-up training and other development assistance, employees were reluctant to go through the process again. The 360 degree feedback process is a motivator, particularly to peers and direct reports. If there is no visible follow-up (and changes in skills and behaviors), the process turns into a negative. Monies must be there for training and other expenses.

o. How does improving/achieving/implementing the corporate strategy/goals impact productivity and profits?

As mentioned earlier, ROI calculations can and should be done as part of the justification for implementation. Then tracking procedures should be initiated and

used to calculate actual impact on productivity and profits. From a pure financial perspective, 360 feedback, done effectively, will produce a return on investment that will exceed most standard ROI targets that companies aim for.

V. Outside (customer/client) Perspective:

Will there be an impact on client/customer perceptions of the company?

Much of the answers to this question will relate to the goals and strategies of the company. Depending on an employees involvement/interaction with clients, the feedback process may include input from the customer, which shall have some impact.

If a corporate strategy involves a new emphasis on meeting the needs of the customer, the feedback process will be used to affect skills and behaviors that should be noticed by clients.

360 feedback can also be used to strengthen a company's customer service which when tracked and measured will definitely have a positive impact.

IV. Learning Perspective

a. How will individual development needs identified by the 360 process be addressed?

A 360 process includes at least three components: data, evaluation and action. A system where data and evaluation do not influence action would not be a feedback system. Action many times will by its nature involve tracking. In implementing a 360 feedback system, the key word is "system".

In the planning process, specific attention must be made to provide a means to give individuals the opportunity to further their development.

- b. Will all leaders/managers be involved in or subjects of the process for comprehensive development identification?

It is clear that for successful implementation all managers and leaders must be involved in the process. The most successful use of 360 feedback starts with all senior management going through (being the subject of) the feedback and then follow-up with specific development of needed skill and behaviors.

All managers and supervisors may also need additional training on “coaching” and “teambuilding”. They will be participating in the process; but they also may need to be able to be a coach or mentor to managers and supervisors who report to them.

- c. Will aggregate data be obtained to create an organization-wide development plan?

This should be a part of all 360 feedback systems. The Organizational Development Group/HR should have a plan which includes a statement of purpose, identification of resources, description of development needs and a plan to meet those needs; including a timeframe for execution and continued use of the process.

Summary:

360 degree feedback should be part of every organization. The feedback process can promote individual development and improve individual performance. It will be particularly effective in accomplishing the development and improvement when linked to developmental planning, goal setting and organizational support. Four conditions will maximize the value of this process:

- The process is business driven

- The organization clearly needs the measured behaviors to support a corporate strategy or goal
- The survey instrument and administration processes are reliable and valid
- Conditions for learning new skills exist

Recommendations:

- Link the process to a strategic initiative or a business need. To be effective as a stimulus for change, people need to understand the broader purpose of the process.
- Get senior management to participate in and drive the effort. Many times senior management excludes themselves from the process, but direct middle management to do something. This is less likely to have the intended effect.
- Emphasize clear and frequent communication about the feedbacks purpose and implication for each member of the organization. The more people understand why 360 feedback is used and how the information will be used, the more likely the process will be supported. Anonymity of responses and positive use of the information should be very clear.
- Ensure that people see the behaviors that will be measured as important and relevant to their jobs and performance of their duties.
- Provide ongoing support and follow-up.
- Clarify expected sharing of information; be sure that the use of the information between “boss” and “self” is addressed and used for performance enhancement; also make sure that peers and direct reports get feedback related

to their input and can see evidence that their input was used as part of the development process.

360 degree feedback should not be seen as a current “business tool of the month”. It is a process that has a proven record of leading to positive change and enhanced effectiveness at the individual, team and organizational levels.

(It should be noted that the Profiles International Checkpoint 360 Feedback System is a true PROCESS that will best fit all of the needs described above in regard to the actual 360 degree feedback tools. The actual review process has the developmental support to cover Universal Management Competencies, and supported validity and reliability. [See “History and Development of the Checkpoint 360 Feedback]. With the Skill Builder series, the system has directly applicable training that will positively create improvements and changes in behavior and skills that have been determined from the actual feedback process. With the Organizational Management Analysis report, a company can get a comprehensive analysis of developmental needs and information to tie directly to grouping individual needs, but more importantly can aggregate data to create an organization-wide development plan as well as information to link the process to organizational strategies and goals. Lastly, with the ability to go through the actual process more than once, and get a comparative report against prior input, the system can document change and provide data for measured effectiveness of the process.)

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