

FIVE SECRETS OF SUCCESS IN 360-DEGREE FEEDBACK

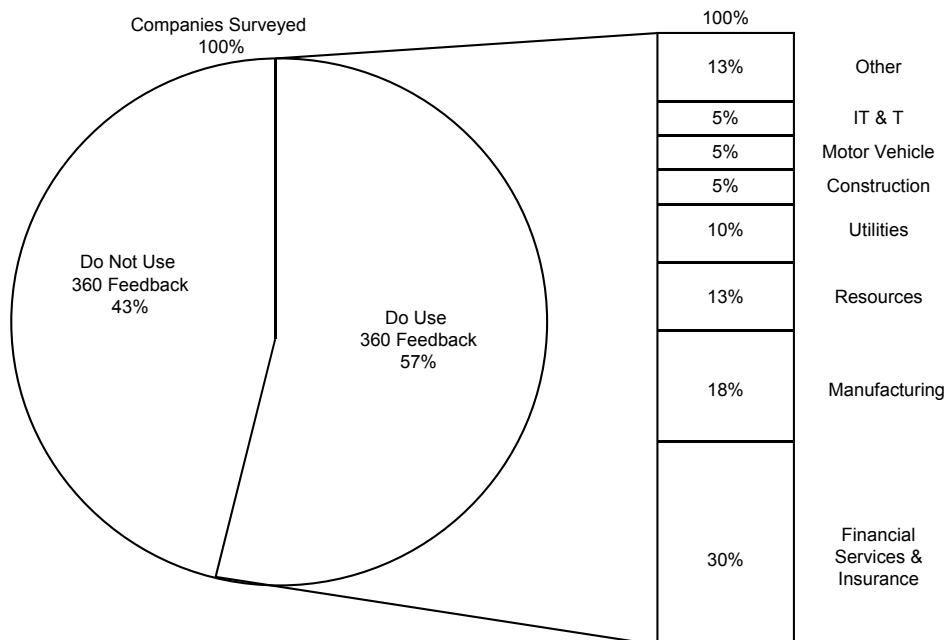
In recent years, 360-degree feedback has achieved a growing global momentum as a valuable organisational change and leadership development tool. “360 feedback can change your life” proclaimed a recent Fortune magazine¹ headline, and the US Business Week magazine² recently cited numerous executives claiming that 360-degree feedback boosts self confidence, helps managers put more balance into their lives and teaches them to become more effective at work and at home. Not surprisingly, a recent study³ of US consulting firms and distributors of 360-degree feedback courses made the bold conclusion that “Every Fortune 500 firm is either doing it, or thinking about it!” Australian companies appear to have also joined this momentum with a 2001 survey by Gen Group Consultants confirming that most of Australia’s top 100 countries are already actively using 360-degree feedback.

However, despite its growing popularity, success in conducting a 360-degree feedback program is far from guaranteed. In fact, it is likely that most companies are not realising the full potential of 360-degree feedback.

The Gen Group Study

Gen Group Consultants recently conducted the first survey in Australia of the largest 100 Australian enterprises on whether and how they use 360-degree feedback. Of the 68 organisations who participated in the study, 57% were using 360-degree feedback with the greatest industry usage belonging to Financial Services and the Insurance sector.

Of the companies surveyed, Financial Services and Insurance companies were the greatest users of 360 degree feedback.



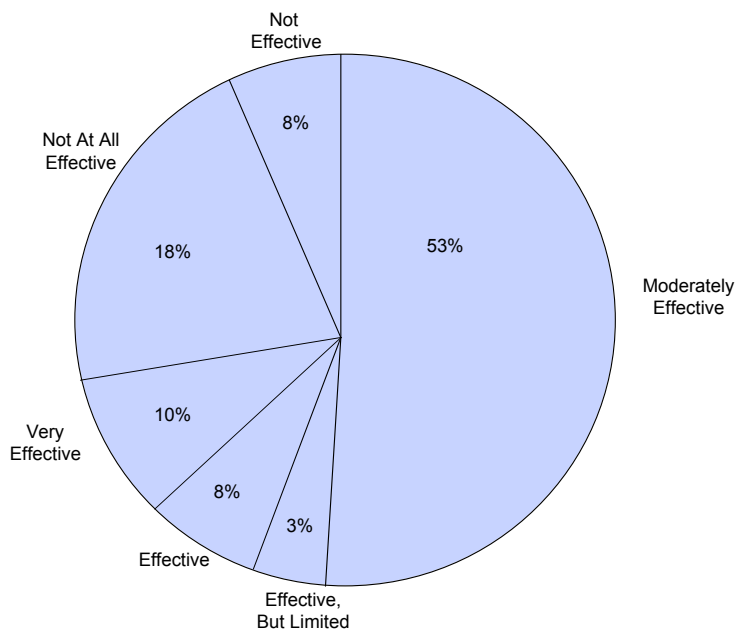
¹ O'Reilly, B., '360 Feedback Can Change Your Life', Fortune, v.71, n.3, October 17, 1994.

² Bongiorno, L., 'How'm I Doing', Business Week Special Report, October 23, 1995.

³ London, M., Smithers, J.W., 'Multisource Feedback: Changed Perceptions of Goal Accomplishment, Self Evaluations & Performance Related to Outcomes?' Theory Based Applications & Directions for Research, SUNY at Stony Brook, La Salle University, 1995. (Paper accepted for publication in Personnel Psychology)

Of the companies using 360-degree feedback, the majority (59%) were using it for Development Purposes which was defined for the purposes of the study as having no tangible link to remuneration. The remaining 41% of companies using 360-degree feedback reported using the process for Performance Appraisal which involved the results of the appraisal having either a direct or indirect connection to salary. A surprising conclusion arising from the survey was that the majority of the users surveyed were not entirely satisfied with the process. The majority (53%) of participating companies were discontent with the process describing its effectiveness as only “Moderately” effective. A significant 18% of companies also described 360-degree feedback’s success as “Not at all Effective”.

THE MAJORITY OF FIRMS USING 360 FEEDBACK DESCRIBED ITS EFFECTIVENESS AS “MODERATELY EFFECTIVE”.



What the survey did reveal is that there is no definitive “right” way to conduct 360-degree feedback in an organisation. Having arisen and developed from a desire to conduct appraisal more effectively, 360-degree feedback is still a very idiosyncratic tool – generally developed for the specific purposes of an individual organisation’s needs.

However, whilst there may not exist an authoritative ‘magic formula’ there are five key ‘Secrets of Success’ that will assist any organisation to conduct a successful 360-degree feedback program. These ‘Secrets of Success’ have been formulated from the insights gathered from Gen Group’s survey and also embody Gen Group’s years of experience in advising many of Australia’s largest corporations on 360-degree feedback, leadership development, and executive decision-making.

What is 360-degree feedback?

The term 360-degree feedback is a name given to the process of collecting detailed feedback from work colleagues with regards to one’s behaviour and the impacts of that behaviour. The process involves a participant evaluating himself against a set of criteria and with the participant’s work colleagues conducting the same evaluation about the participant.

The 360-degree term refers to the fact that evaluation on each participant is sought from all angles – boss or supervisor, peers, and subordinates, in addition to self.

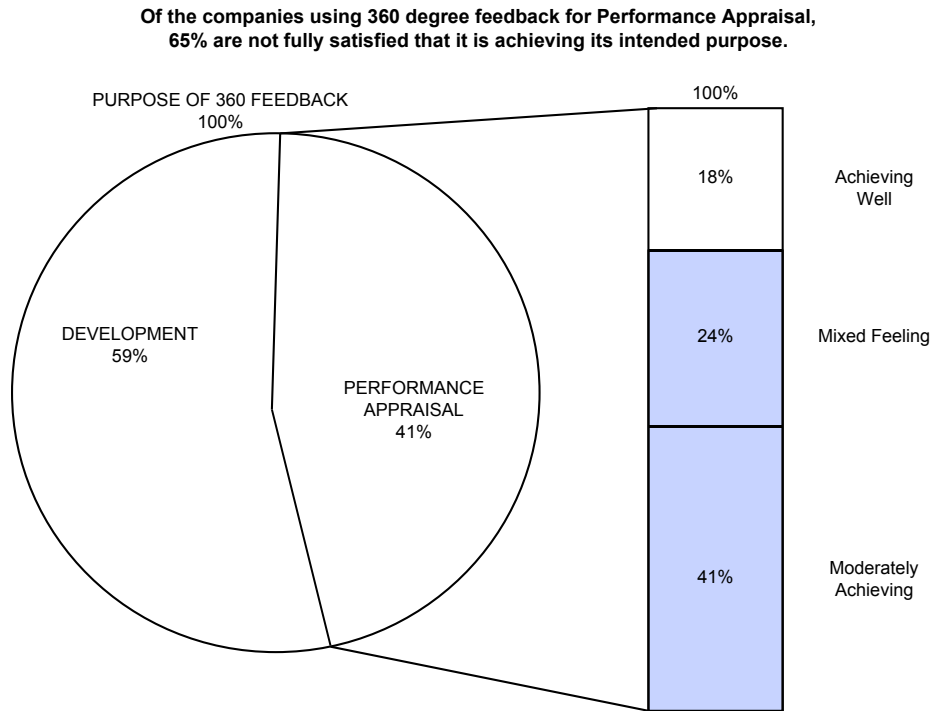
In essence, the 360-degree feedback process offers a unique opportunity for employees at all levels to discover how their work colleagues perceive and are impacted by their behaviour. As one commentator once described 360-degree feedback, *“It is like having a full length portrait, a profile, a close up shot in the face and a view from the back all in one!”*

Secret of Success # 1 - Leadership Development not Performance Appraisal

360-degree feedback is best suited for leadership development and not for use as a performance appraisal or assessment tool. A recurring theme that emerged amongst responses to our survey was that most users of 360-degree feedback for performance appraisal purposes were not content with the results.

Feedback must be open and honest to be useful. Using 360-degree feedback for performance appraisal changes the incentive and motivation of respondents who are either keen not to disadvantage the surveyed manager with negative feedback, or wish to punish them with scathing feedback.

Of the companies surveyed, almost half (41%) were using 360-degree feedback for performance appraisal with 65% not fully satisfied that 360-degree feedback is achieving its intended purpose. 41% of Performance Appraisal 360-degree feedback users concluding that the process “moderately achieves” its intended purpose with a further 24% having “mixed feelings” on this topic.



Not surprisingly, the majority (71%) of companies using 360-degree feedback for performance appraisal plan to amend their current process with 59% suggesting that it could be improved if a more development focus was taken.

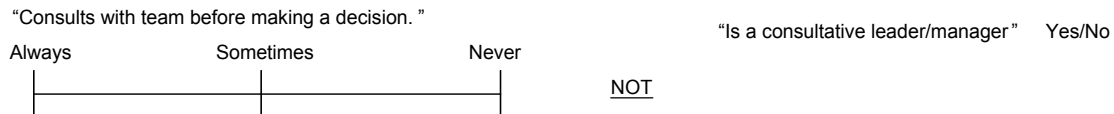
Secret of Success # 2 Good Survey Design is Essential

Surveys and survey questions must rate observable behaviours, not attitudes or motivation.

Good survey design is essential. Too often, companies cut corners by not placing enough time and effort into refining the survey questionnaire only to find that the resulting data is ambiguous and does not provide the necessary insights into an individual's behaviours. Not only does this decrease the quality of the 360 outcome, but more importantly, it wastes a lot of time and effort for everyone involved - as Ansel Williams once said, "There is nothing worse than a sharp image of a fuzzy concept". Gen Group's experience with 360 surveys has highlighted that there are three essential attributes of effective survey design:

1. Good survey questions must be unambiguous and must be interpreted similarly by most readers so that it is clear that all are rating the same thing. The best way to achieve this is to construct survey questions to describe specific, observable behaviours and have respondents rate the frequency of their occurrence.

Example:



2. Questions must be specific to the organisation and the organisation culture. Many companies mistakenly believe that a generic survey bought off the shelf will achieve the same results as an individually tailored survey. What these companies fail to realise is that no two companies are exactly the same. As each company has a different collection of individual talents, a different culture, and a different set of values that leaders must model. Survey questions should ideally be based on the unique corporate values of the organisation to assess how well leaders are promoting these values through their behaviour/role-modelling and in the way they achieve results.
3. To be effective, surveys must not be overly time consuming for the participant. Our experience in survey design suggests that participants lose interest if they are required to complete surveys that are too burdensome on their time. The objective of effective survey design is to obtain the desired outcome whilst ensuring that the interviewee is not overly burdened with the process.

Secret of Success # 3 Don't Compare Individual Results to Norms and Averages

A key to success when interpreting results is that individual results should not be compared against industry norms and averages. When applied well as a development tool for improving the leadership behaviour of managers.

The most important information to be gathered from 360-degree feedback is how well the manager understands the effect they have on others and how to influence others.

This information is only available by comparing the ratings of the managers themselves to that of the other respondents. If there is good alignment the manager is self-aware and understands the effect they have on others – development should be straightforward.

If there is poor alignment then the manager is likely to have a leadership “blind-spot”, unaware of how their action and behaviours are interpreted by others – development will be more difficult.

Comparing an individual to norms and averages merely demonstrates how well the manager performs compared to the norm. If they’re all bad, then it doesn’t help with development.

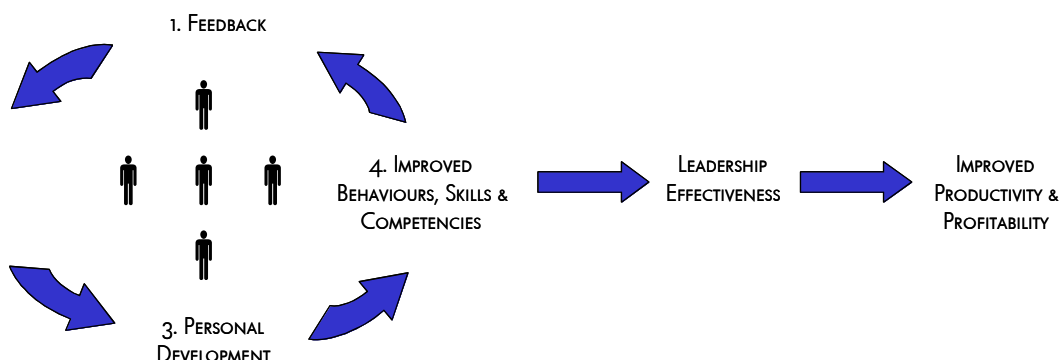
Secret of Success # 4 The Post Survey Debrief is the Most Important Stage

What many companies fail to realise is that the debrief is the most important stage of the 360-degree feedback process. The debrief is where the participant receives feedback that highlights the differences between how they perceive themselves for each behavioural criterion and how others do. This information can then be used by the participant to evaluate behaviour and performance in the work place and to identify development needs for the future. This stage of the process is often where an individual is confronted for the first time with an evaluation on their work and management style. To be effective, the debrief must be conducted expertly, professionally and with an improvement or action focus. Most importantly however, the debrief must be conducted with sensitivity to the emotional state of the person receiving the feedback. It is absolutely essential that feedback is conveyed in such a manner that does not allow the participant to “block-out” conclusions from the analysis due to their emotional response. It must be remembered that the purpose of the process is to serve as a building block for continued development of the individual in the future.

Secret of Success # 5 Don’t Forget the Follow Up!

To obtain maximum benefits from the 360-degree feedback process, it is essential that organisations understand that 360-degree feedback is a 4-stage process. Stage 1 encompasses the survey itself where participants are appraised by themselves and others according to a series of behavioural-based questions. Stage 2 is the debrief in which an organisation and an individual use the results to determine the development needs of the individual. Stage 3 involves the implementation of personal development programs and initiatives, and the focus of Stage 4 is to obtain improvements in behaviours, skills and competencies for both the individual and the organisation. The following diagram illustrates the 360-degree process lifecycle.

360-DEGREE FEEDBACK PROCESS



Successful 360-degree feedback processes follow the survey with developmental measures designed to ensure that the individual benefits from the process with improvements in leadership behaviour and skill. Benefits to the individual include an increased sense of self-awareness, identification of personal development gaps, and the mechanisms to change their managerial and personal behavioural styles. To the organisation, the benefits include a picture of organisational development needs, increased employee satisfaction and retention rates, enhanced organisational culture, and a forum to effectively communicate what behaviour is valued in the company. To ensure that these benefits are not left untapped, it is essential that a follow up action plan is developed and implemented. This will help ensure that change is actually achieved.

Talk To Us

Throughout all stages of the 360-degree feedback process, Gen Group Consultants can help improve your chances of success. We have helped many organisations achieve maximum leverage from the process and are confident we can do the same for you.