



Organizations in Action

Practical Information for Managers and Leaders An Occasional Publication from TRG, Inc.

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Making the Right Choices about 360-Degree Feedback

Organizations are changing fast—they are becoming flatter, more responsive to client needs and more team-based. One important area of change is in how individual and team performance is evaluated. Traditionally, managers alone were responsible for evaluating employees. In most cases evaluations took place once a year and were viewed more as an awkward and unwelcome paperwork task rather than a tool to improve individual and organizational performance. Today, organizations are increasingly moving toward systems which involve more people in providing feedback, provide more detailed information, and have the flexibility to report on the performance of both individuals and teams.

One common approach is called multi-source assessment (MSA), or 360 Degree Feedback. Multi-source assessment systems gather information from a number of individuals at different levels in an organization to obtain a more accurate and complete picture of individual or team performance. High quality MSA systems usually include numerical ratings on specific performance criteria as well as space for evaluators to provide comments and descriptive information. With the greater levels of qualitative and quantitative feedback, staff and teams are

more informed about their strengths and improvement needs. They understand, in very clear terms, what is working and what is not. They are also much more likely to recognize the actions they can take to increase their effectiveness. In good systems, even the evaluation criteria can provide an indication as to which performance standards are most important. If knowledge is power, then MSA represents a potent tool for staff development. It is estimated that 90 percent of the Fortune 1000 companies use some form of MSA.

How are Multi-Source Assessment Systems Implemented?

MSA systems typically collect performance data from the people who work most closely with an individual. An evaluation team might be comprised of managers, fellow team members, direct reports and even clients. In many systems, the individual nominates the team which will conduct the evaluation. Data can be gathered either by paper surveys, interviews, or electronically. Reports are then prepared and delivered to the person being evaluated.

What kinds of Multi-Source Assessment Tools are Available?

There are a variety of MSA systems currently in use. Approaches range from relatively

simple paper instruments to sophisticated, computer-based programs with built-in capability for generating reports at the individual, unit, and organization-wide levels. MSA approaches differ on such points as the number of "key" criteria used for evaluation, the level of customization which is possible, the standard number of people on an evaluation team, the method of gathering input, and finally, on the level of interpretation involved.

The **360 Degree Feedback** system developed by Teams International (see text box) is an evaluation device that solicits responses via a computer disc to maximize confidentiality and accuracy. We strongly recommend that organizations considering the introduction of a multi-source assessment program select 360 Degree Feedback or one of many similar products, which are based on sound research, are statistically reliable, and structured to allow respondents to provide information quickly and confidentially.

What are the Advantages of a Computer-Based Multi-Source Approach?

As compared with single-source systems, high quality multi-source systems are more:

- **Objective**-Because more than one party is reporting, the chances of bias, either positive or negative, are limited.
- **Efficient**-Because feedback is collected via computer disc and results are tabulated by a software program, feedback can be given faster, the task is spread throughout the organization rather than being the responsibility of any one individual, and administrative time and resources are conserved
- **Credible**-Those who receive feedback trust the information because it comes from more than one source. One of our clients noted, "It's easy to dismiss

one person's evaluation of your skills, but when six or seven people are painting the same picture, you have to take it seriously."

- **Effective**-Synthesized information from a variety of sources provides a much stronger mandate for individual and team improvement.
- **Detailed**-Those evaluated state that the feedback they receive is much more specific and in-depth. Our clients have often commented that they had heard vague feedback from their managers on skills they needed to improve. After implementing 360 Degree Feedback, they have numerical ratings about their performance and concrete examples where improvements can be made.
- **Fair**-Research has shown that well designed multi-source systems focus the evaluators' attention on specific performance issues and key job skills. Such an evaluation approach helps eliminate any real or perceived inconsistency or bias in the evaluation of the skills of women, minorities and older staff.

How should 360-Degree Feedback be introduced?

There are two predominant uses of a multi-source assessment tool: 1) as an approach to gathering information for individual and team development; and 2) and as a performance appraisal tool linked directly to salary increases, bonuses and promotions. Based on our experience with 360-degree Feedback, we feel that the best way to introduce multi-source assessment to an organization is as a tool for professional development that is not linked to compensation. Starting this way generates a greater level of staff comprehension, trust, and acceptance of the process. Also, in the

first implementation, we recommend that the feedback reports be given only to the person evaluated. Those individuals can then decide whether to share the information with their colleagues or supervisors. In addition, coaches should be available to work with individuals to help understand and interpret the data and develop action plans to target areas of improvement.

As trust in the process is developed, it is much easier to use multi-source assessment as part of a formal performance appraisal. In fact, staff members will often request this, since they know that the information is more objective, accurate, and reliable than traditional appraisal systems.

Are there any issues organizations should be aware of in the implementation of this process?

Absolutely. While the potential gains from 360-Degree Feedback are significant, these objectives can only be accomplished if the process is properly implemented and regulated. Staff support, comprehension, and trust of the process are critical to its success. As noted February 1998 issue of Training and Development, without staff support, "it is likely that any 360-degree program will fail."

Staff members need to understand how a multi-source assessment will be conducted and how the results will be used. Whenever possible, staff should also be involved in selecting criteria on which they will be evaluated. This helps build trust in the process and ensures that the criteria will be relevant. Finally, staff needs to be reassured of the validity of the process and understand the potential value of the information for their own development. The best way to make sure this happens is to provide clear guidance about the process and its uses throughout implementation.

Other issues:

- Confidentiality should be a priority if 360-Degree Feedback is to be effective. The only person to see the feedback should be the person who was evaluated and when used as a performance appraisal tool, that person's manager. Without this safeguard, not only are responses less likely to be accurate, but staff will feel less inclined to take the process seriously.
- A related point is that that evaluators should be assured that the process will maintain their anonymity and that they will not be identified with their responses. In this way, responses will be more valid and honest.
- Generalized evaluation criteria will be of limited usefulness to organizations. Organizations should seek out a multi-source assessment provider that allows flexibility to customize the criteria so that it reflects the organization's vision, culture, and business goals.
- Everyone in the organization should understand how the evaluation criteria relate to the company's overall objectives and vision. This encourages evaluators to take the process seriously.
- Multi-source assessment systems should be fully implement able by the client organization. Providers should offer the option of training internal staff to implement the program independently.

Conclusion

Multi-source assessment tools represent a true step forward in the way employee performance is evaluated. The information provided is far more complete and compelling than single source systems and has direct

application for professional development and employee compensation. Most importantly, when used effectively, MSA systems not only provide data on past performance, but generate key insights on how individuals, teams, and organizations can increase their effectiveness and achieve their goals.

The phrase "**360 Degree Feedback**," while often used as a generic term to describe multi-source approaches, is actually trademarked and defines a system patented by Teams International in 1978. TRG is an authorized representative of Teams International for the implementation of the 360-Degree Feedback system.

Organizations in Action is a new periodic publication from **Training Resources Group, Inc.** Our goal is to provide our clients and colleagues with useful information about cutting edge topics in management and leadership development and organizational performance.