

# 360 Insight

## 360° feedback reviews

### Best practice guide

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## Introduction

As a manager, John has five direct reports, four or five colleagues (peers) with whom he often interacts, and a boss. Who is best qualified to comment on John's people management abilities? His boss? Traditional performance appraisal systems would say so, but who is on the receiving end of John's people management skills? Clearly the people he manages. And surely his peers are the best able to judge his ability to work with others in the organisation.

Unlike traditional performance reviews, 360° approaches do not rely on the line manager as the sole source of information in assessing an individual's performance. Instead, 360° performance reviews seek contribution from several people when assessing the different aspects of an individual's performance. 360° performance reviews enable the individual to compare their own perception of how they perform at work with the perception of those with whom they work closely, typically peers, direct reports and line manager, but also customers and suppliers.

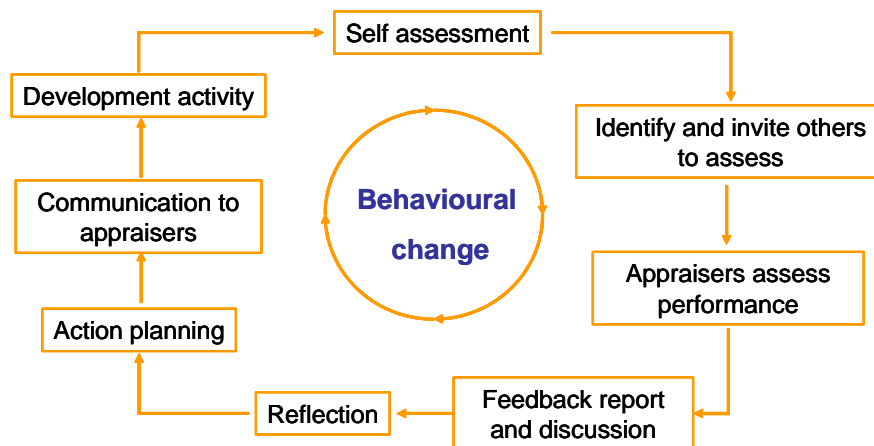
In theory, 360° performance reviews are a suitable way of assessing the performance of any individual who frequently interacts with others, either within or outside an organisation, as part of their job. However, in practice 360° performance reviews are typically provided to managers. A recent survey in America showed that 35% of organisations used 360° approaches primarily for executives, and 37% for upper middle managers. Middle and first-level managers also were included, but to a lesser degree (23 percent and 18 percent, respectively.)<sup>1</sup>

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<sup>1</sup> Lepsinger, R., & Lucia, A.D. 1997. The art and science of 360-degree feedback. San Francisco: Jossey-Bass, 17.

## How do 360° performance reviews work?

360° performance review is a questionnaire-based process that gathers structured feedback from a number of sources about the performance of an individual at work.



### 1. Self assessment

An individual will perform a self-appraisal of their performance by completing a survey containing questions that relate to the key aspects of performance required in their job.

### 2. Inviting others to appraise their performance

The individual will identify and invite others in the organisation to assess their performance. Typically, appraisers will include a combination of the staff they manage, their peers, their customers and/or suppliers and their manager. These appraisers complete the same survey questionnaire according to their experience of the individual's performance.

### 3. Analysis, reporting and feedback

The results are then collected, analysed, and compiled into a feedback report that is then provided to the individual. This report contains the appraisers' perceptions of the individual's performance expressed in numerical, graphical or narrative form.

Feedback can also include:

- ➔ Comparisons with past performance – how has the individual's performance changed over time?
- ➔ Relative comparisons to other's performance – how does the individual's performance compare to national, functional, industry or company standards?
- ➔ Absolute comparisons of what the individual does now, as opposed to what the respondents actually would like to see

Often the report will be accompanied by a verbal feedback discussion with a facilitator (either internal or external), who ensures that the information contained in the report is understood. This becomes particularly important when the individual has received unexpected negative feedback from the appraisers, and they might need help to learn from the information.

Once the feedback has been understood, the individual typically reflects on the feedback, and may also discuss the results with a mentor or line manager, share the feedback with others, and obtain clarification on things which came as a surprise or which are unclear.

#### 4. Action planning

Following this, the individual develops a meaningful and practical action plan to improve their performance. This may be done by themselves but typically line managers provide some formal assistance in action planning and identifying development activities.

Good practice 360° approaches encourage individuals to share their feedback with their appraisers, and to include their input in developing an action plan. Research has shown that people who assessed the performance of their line managers wanted to know that their feedback had been understood by their line manager, and what steps he or she intended to do to improve their managerial performance. Where line managers did not share their feedback and action plans, people quickly became cynical toward the 360° approach. Sharing actions plans with appraisers allowed them to observe the efforts that appraisees were making to change their behaviour, and to more readily identify improvements in performance.<sup>2</sup>

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<sup>2</sup> Antonioni, A. 1996. Designing an effective 360degree appraisal feedback process. Organizational Dynamics, Autumn: 24-38.

## The benefits of 360° performance reviews

- ✓ provide individuals with a comprehensive and balanced understanding of their strengths and development needs
- ✓ generate commitment to the feedback and motivation to develop because multi-source assessment evidence is perceived as being more valid and reliable than traditional performance reviews
- ✓ align individual's personal development with organisational strategic objectives
- ✓ make competency frameworks directly relevant to individual's day-to-day work
- ✓ increase individual's understanding of how they are expected to perform
- ✓ open up communication flows between a manager and his/her team
- ✓ provide a safe and structured way for team members to give feedback to each other and to their manager
- ✓ provide feedback to each team member about their contribution
- ✓ help managers to diagnose strengths and opportunities for improvement for the team as a whole
- ✓ provide senior / top level managers with performance feedback from peers and team members (often this is their only source of feedback)
- ✓ may use input from the team's customers to drive customer service and quality improvements
- ✓ allow the performance of individuals and teams to be aggregated to identify organisation level strengths and development needs

## Issues to consider before implementing a 360° approach

There are several issues that must be considered before implementing 360° performance reviews in your organisation:

### 1. Are 360° performance reviews appropriate in your organisation?

360° approaches are not suitable for all organisations. When considering 360° approaches it is advisable to conduct a feasibility study to determine whether 360° performance reviews is the right tool to improve performance and that organisational conditions favour its use. Ask the following questions:

→ Are there significant differences between strong and weak performers?

Marked differences suggest that there are key behaviours or competences in the strong performers that should be developed in weaker performers, and thus a 360° approach is likely to be of benefit. However, if every individual is performing poorly, then other problems such as inadequate resources or unrealistic objectives may be the explanation. 360° approaches cannot solve these problems.

→ Does each individual have enough people to assess their performance?

In some flexibly structured organisations, or those with dynamic environments, individuals may work independently, or in short lived project teams and managers may have little contact with their staff and thus 360° performance reviews are inappropriate. Individuals must have a range of appraisers who depend on that person's performance for 360° approaches to be of benefit to them.

→ Can the organisation support people with learning and development activity?

360° performance reviews are effective in identifying performance strengths and development areas, but the real value from 360° approaches comes after the review – developing people to improve their performance. Good practice is to spend 20% of the project resources on the assessment of performance and 80% on the subsequent development activity and support.

## 2. 360° performance reviews should be used as a development tool rather than only as a tool for evaluating /appraising performance

360° performance reviews are typically used in two ways:

1. For **developmental reasons** – to help individuals be more aware of the areas that need improvement and to support them in working towards positive change.
2. For **evaluation reasons** – to collect information for evaluating individuals and making personnel decisions, such as pay and rewards, promotion, career progression and so on.

Research has shown that using 360° approaches for pay setting or appraisal can lead to invalid assessment as:

- Individuals tend to gloss over their development needs
- Peers are reluctant to identify development needs for their colleagues in case they jeopardise their promotion prospects and / or rewards
- In one study, 35 % of staff reported that they would change (either raise or lower) their assessments of their manager if they were used as part of their manager's formal performance appraisal. This would be to either keep the manager from trouble, or in some cases get the manager into trouble.<sup>2</sup>

In contrast, when 360° performance reviews are being used for developmental purposes, an individual gains most by accepting and using the feedback on their own performance to understand where and how they need to improve. Once people understand the value of feedback in shaping development activities and improving performance, they see that they have nothing to lose by being open in evaluating others.

### 3. 360° performance reviews should measure behaviours (i.e. actions) rather than outcomes (i.e. results)

Traditional performance reviews tend to measure outcomes, i.e. what an individual has achieved. For example, an individual may have sold £x business, or delivered the project to time and within budget. However, focussing on results or achievements is not always useful as a catalyst for behaviour change. For example, if an individual hasn't met their targets or achieved their objectives, they will need to know what they must do differently in order to do that. The most effective 360° instruments are those that measure actions or behaviour that have led to results being achieved or not achieved. In addition, because behaviours are observable, measuring them allows people to describe what others are doing well, and could do better without judging them. For example, below are two ways of giving feedback on a person's listening skills:

- ➔ "I notice that you don't look at people when they are talking to you."
- ➔ "I think your listening skills could be improved."

Both these comments can apply to the same situation, but the first describes what is happening, whereas the second is judgmental. The first gives information which the other person would find difficult to dispute, but relatively easy to take action on. The second is more likely to provoke a defensive reaction, with little chance of any resultant improvement.

### 4. Appraisers should remain anonymous where possible

For respondents to tell the truth, they need to feel they will not be identified. If people do not trust the organisation to respect this, they are less likely to answer truthfully. For example, research has shown that where appraisers were required to sign their feedback questionnaires, they gave higher ratings. Follow up interviews indicated that people were concerned that their managers would react adversely to their evaluations. <sup>2</sup>

### 5. Individual results should remain confidential

Many people in the organisation will have an interest in the data gathered in 360° performance reviews and thus the organisation must make some careful decisions about those to whom this information will be made available. Research has shown that in order for people to have confidence and commitment to the 360° performance reviews, the information gathered in the assessments should be owned by the individual, and must not be used by others to make performance appraisal, career planning, remuneration decisions. <sup>2</sup>

## A process for implementing 360° performance reviews

### 1. Purpose

To achieve maximum effect, 360° performance reviews should not be stand alone, but be part of the organisation's strategic effort. The organisation must define what it hopes to achieve from 360° - Is it to reinforce organisational values, produce a culture change, create an open management system, change attitudes to performance, or obtain strategic data on which to base other initiatives? How does it align with other HR systems and processes? How will you tell if it is being successful? Developing a clear purpose for 360° will allow managers to understand the benefits it delivers for the organisation.

### 2. Who will be involved?

- ➔ Who will be the participants? Is it the whole organisation or a special part of it?
- ➔ What appraisers will you use? Line managers? Direct reports? Indirect reports? Peers? Team members? Internal customers? External customers? How many of each will be approached? What are the rules for selecting them?
- ➔ Who will be involved in the feedback process and how will it be handled? The line manager? An internal facilitator? An external facilitator? How are the reports to be delivered - individually or in a group de-brief?
- ➔ Who will be the Project Manager?

### 3. What behaviours will be measured?

Many organisations develop a list of competencies for a particular job or role. These often form the basis of a questionnaire that details the specific behaviours that a person will be doing to demonstrate them. Organisations do not always use competencies as a basis for assessment. If the purpose of 360° performance reviews is to reinforce the organisation's values or change the culture, then a detailed description of the values or culture change required should be the starting point for the questionnaire.

#### 4. Questionnaire design

Once the coverage of the questionnaire has been decided, then the actual design can be considered:

- ➔ What should be its length? Many organisations overestimate the ability or willingness of appraisers to complete a questionnaire, particularly if they have to complete several on different people. A survey should be clear, make sense to people, and be easy to complete in 10 to 15 minutes at most. Resist the temptation to include every conceivable question measuring every conceivable competency.
- ➔ Are the questions written in the appropriate style? In other words will the intended population understand and find them relevant?
- ➔ What scales should it use? Typical scales include:
  - Frequency - "never" to "often"
  - Effectiveness - "poor" to "outstanding" and
  - Agreement - "strongly disagree" to "strongly agree"

#### 5. Design feedback methods

When feeding back the results of the 360° reviews, it is critical that individuals engage with the results, not just listen to them. Thus an effective feedback report will:

- ➔ present results visually and in table form
- ➔ help people find answers whilst also making them think
- ➔ be the same for everyone
- ➔ draw attention to key issues.

There is value from having a facilitated discussion around the feedback so that people are clear and positive about the feedback.

## 6. Communicate the purpose of 360° performance reviews

If the purpose of the 360° approach is not communicated clearly and up-front, then people will invent their own reasons, resulting in damaging rumours and misconceptions. The way the exercise is presented and the time invested in explaining it are crucial to the results obtained.

## 7. Provide training to all those involved

Training should be provided to:

- ➔ Appraisees so that they can analyse their feedback objectively and without responding negatively
- ➔ Appraisers so that they all have a common frame of reference for using the rating scales
- ➔ Those providing feedback so that they can present sensitive information and overcome emotive responses

## 8. Pilot

The 360° approach should be piloted with a number of people in order to:

- ➔ Ensure that the questionnaire measures what it purports to measure
- ➔ Check with people involved that the questions make sense
- ➔ Understand the practical problems of rolling out the reviews
- ➔ Ensuring the feedback report and discussion are effective.

The feedback from the pilot group should be used to revise the 360° approach before it is implemented.

## 9. Roll out control

A large rollout involves large numbers of people; therefore it is possible for the project to lose its way or get out of control. To avoid problems, careful scheduling, together with a good tracking system are essential, as is letting everyone know what their responsibilities are.

### 10. Individuals complete their 360° performance reviews as discussed in detail above, but in summary here:

The individual completes a self assessment and then invites others to assess their performance. These appraisers complete the assessment and the results are analysed. The individual receives a feedback report and facilitated discussion. After reflecting on the feedback, the individual develops an action plan with the help of their line manager, and shares this with the appraisers.

### 11. Development activity

The organisation provides opportunities for the individual to develop their skills and knowledge in activities detailed on the action plan. These opportunities can include training, coaching, shadowing, experiential learning and so on.

### 12. Mini “follow up” assessments

Good practice is to complete regular reviews of the progress made in addressing development areas. Mini assessments can take place to ascertain whether performance has improved in the key areas required.

### 13. Recognition for improvements

Best practice is to reward individual’s efforts to adopt desired work behaviours. Mini follow up assessments are a useful vehicle for providing individuals with recognition.

### 14. Review

This is about:

- ➔ Finding out if the exercise has achieved all it set out to
- ➔ Distilling the lessons which have been learned along the way
- ➔ Analysing the results of the 360° performance reviews at the organisational level

Aggregated data can be useful to the organisation for strategic purposes - it is possible to see and compare how specific groups (departments, levels, age bands etc) have performed. It is also possible to review data to determine the main HR priorities in terms of performance development or behaviour change. This can lead to closely targeted actions, and the economical, focused deployment of HR initiatives.

## Common pitfalls to avoid when implementing a 360° approach

There are several reasons why 360° approaches fail. These include:

### 1. Poor preparation

Organisations often spend a lot of effort thinking about the things they want to measure and pay insufficient attention to

- ➔ communicating the purpose of 360° performance reviews
- ➔ properly conducting feedback
- ➔ helping people with action planning, and
- ➔ ensuring people are supported with appropriate development activities to help them improve.

### 2. Overwhelmed by bureaucracy

Organisations often get overwhelmed by trying to implement 360° approaches too broadly and too quickly. There is the potential for one person to be invited to appraise several people, and thus 360° performance reviews can quickly become very time consuming. To avoid questionnaire fatigue therefore, it is useful to plan the roll out over a period of time, either moving down the organisation or across it.

### 3. Poor competency frameworks / behavioural indicators

Organisations must ensure that the competency definitions or behavioural indicators used to assess individuals exactly reflect the performance they need to measure. If these competences or behavioural indicators are woolly or ambiguous, they will produce woolly and ambiguous feedback.

### 4. Fear of giving feedback

People need to be confident that they can be open and honest in providing others with feedback, and they must be supported with the right environment to be able to do this, otherwise performance reviews will not be valid.

## 5. Adverse reactions to feedback

Inevitably, appraisees do get surprises from the differences between how they see themselves and how others see them. If not properly handled this can lead to rejection of the information, emotional reactions, and conceivably a lowering of morale and a worsening of performance rather than an improvement. Such issues cannot be left to chance. To avoid them organisations need to provide careful initial consultation and briefing, a well-designed questionnaire, and professional feedback facilitation.

## 6. 360° approaches lack senior management sponsorship

Senior managers need to be seen to be visibly supporting the implementation of 360° performance reviews in order for people to commit to the process. If there is an absence of senior management involvement, then research has shown that individuals may see their results as interesting, but there is no emphasis on action for improvement. Consequently, any small benefits soon fade away.<sup>2</sup>

## 7. No action taken following 360° performance review

In a recent study in America, 72% of appraisees reported that their line managers had not provided them with the development activities agreed following the 360° feedback.<sup>2</sup> Organisational performance improvement only comes from changing behaviours. Good practice is to spend 20% of the project resources on the assessment of performance and 80% on the subsequent development activity and support.

## How can we help you?

We encourage our clients to take an integrated approach to management and leadership development. We offer a full service approach where we can help you with any or all of the following:

- ➔ Competency / organisational behaviour design and effective performance measurement questionnaires
- ➔ Developing report formats that deliver powerful insights into performance rather than pages and pages of graphs and tables!
- ➔ Facilitating feedback of the results to individuals and helping them to plan personal development activities
- ➔ Helping you develop the internal processes needed to best support leaders and managers
- ➔ Designing and delivering leadership and management training programmes

Indeed, our consultants can also provide individual or group development events, for leaders and managers at all levels (from the Board down), including:

- ➔ Psychometric testing
- ➔ One to one coaching
- ➔ Action learning events.

### The 360 Insight system

Our 360 Insight system is the core part of our 360 approach to leadership and management development.

The 360 Insight system is an online 360° measurement and feedback tool designed to help you to review the effectiveness of leaders and managers within your organisation, and to provide them with insightful, developmental feedback.

360 Insight can be tailored to your own competency model or alternatively you can use our proprietary leadership and management framework, which has been specifically designed to test the issues at the heart of effective leadership.

Browser based technology enables rapid, accurate and easy reporting, removing the hard work associated with traditional 360° feedback methods.

The 360 Insight system:

- Provides individuals with a comprehensive and balanced understanding of their strengths and development needs
- Generates commitment to the feedback and motivation to develop
- Helps to align individual's personal development with organisational strategic objectives
- Provides a safe and structured way for team members to give feedback to each other and to their manager
- Can use input from customers to drive customer service and quality improvements.

360 Insight also allows the performance of individuals and teams to be aggregated to identify organisation level strengths and development needs.

### Call now

To find out more about how we can help you with your 360° feedback requirements please call us on:

**0870 742 4810**

You can also visit:  
[www.peopleinsight.co.uk](http://www.peopleinsight.co.uk)



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