

# Understanding 360° Assessments

## *Guidelines for Organisations Considering 360° Assessments*

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### **Abstract**

Creating avenues for high quality feedback is essential to the development of both managers and their organisations. The 360° Assessment is one of the proven ways of creating this high quality feedback. Understanding 360° Assessments explores this approach to feedback, discusses the types of assessments and their application. It covers some of the main issues which can be faced when using this approach and suggests a number of factors for a successful implementation.

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## What Is It?

### **The Traditional Method of Assessment**

Traditional assessment and review mechanisms are hierarchical and one-dimensional. Supervisors review their subordinates against the supervisor's own goals. While this approach to assessment is simple to implement and administer, it falls apart in modern organisations.

### 1. A single reviewer is open to bias

It is now recognised that allowing just one person to be responsible for performance assessment subjects the review to the possibility of bias. Even experienced and highly trained managers struggle to throw off bias in their assessments. While such managers can effectively manage normal review prejudices such as recency effect or halo effect they will remain limited by their perspective as the person's supervisor. The manager and the subordinate relationship is a complex relationship loaded with power imbalances and unexpressed expectations.

### 2. Subordinates are now responsible to a wide range of stake-holders and managers.

It is now common for subordinates to have two managers and then a whole range of internal customers.

### 3. The standard for acceptable performance is no longer set solely by the direct manager.

Performance benchmarks are set by a wide range of parties. Especially when considering management performance and development, the reference point may include inputs from groups as diverse as the board of directors (corporate governance), senior management and organisational development.

## The 360° Assessment

The 360° Assessment is an effective way of managing these issues. These tools have been popular since the 1990's and have shown to be an effective tool in management development. When used over a period of time they can help to track the development of the organisation and provide a key reference point for an individual's career progress.

## Types of 360° Assessments

360° Assessment Tools can be categorised according to the perspectives, the method of data collection, the reference point for feedback and their scope.

### Perspectives

The 360° Assessment addresses issues of bias and multiple benchmarks through a *multi-rater* approach. In this approach several people are asked for their feedback based on their perspective of the candidate. As illustrated in Figure 1, this feedback is usually represented by seven perspectives:

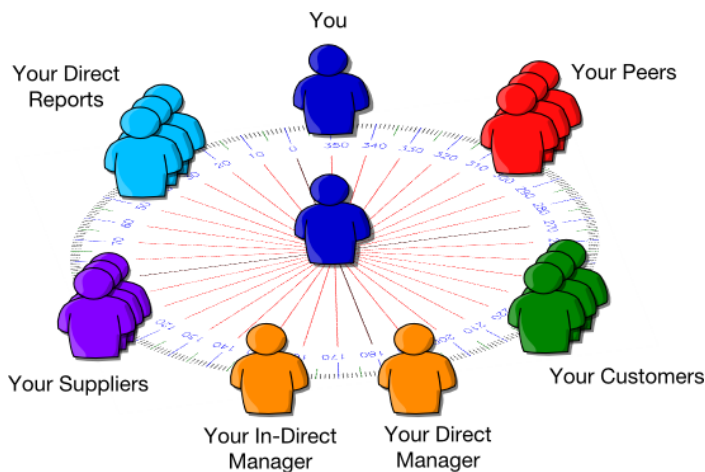


Figure 1: The 360° Assessment provides a holistic view of the candidate

#### 1. Personal assessment

Every candidate should complete the assessment themselves. The candidate's view of their

own performance and competency is an important reference point.

#### 2. Direct manager

The direct manager is the person with the most significant influence on the candidate's job. The person with responsibility for guiding and directing on a day to day basis. The direct manager also holds accountability for the candidate's performance.

#### 3. Indirect manager

The indirect manager has a significant influence on the candidate's job and will have a level of responsibility for the candidate's success. The indirect manager may also be a mentor or other, more senior, guide.

#### 4. Direct reports

The people the candidate supervises on a day to day basis. The candidate is responsible for setting their tasks, priorities and measuring their performance and will be held accountable for their performance.

#### 5. Peers

Peers are people at the same level in the organisation who have either the same manager or manager's manager. Peers will make similar decisions and share a similar level of responsibility. They will be someone the candidate works with regularly.

#### 6. Customers

Customers sit outside the organisation or department. They are the group that purchases or consumes the value created by the organisation. Customers are the people the candidate needs to "please" to ensure the organisation remains successful.

#### 7. Suppliers

Suppliers also sit outside the organisation or department. They are the group that provide the essential ingredients, value or products that are used to create value for the organisation's customers.

Different assessment tools include different perspectives. Almost all include the manager, peers and direct reports. The inclusion of the *supplier* perspective is not common and is one of ways that the Vaughan Govier 360° Assessment differs.

To increase the possibility of complete and unguarded feedback, it is very common to guarantee some form of “anonymity” especially for the direct report and peer perspectives. This is discussed more in Minimising Bias (on page 5).

## Data Collection

The most common methods of data collection are:

### 1. Paper or Paper-proxy

Even in this day of connected corporations, data collection through the completion of paper forms is common. The organisation may use a “paper-proxy” through the completion of a word processing document which is then emailed back to a central point. For a small number of candidates and a small number of reviewers, this approach is easy to implement, cheap and has few technical limitations. When the number of candidates or reviewers increases the administration overhead becomes prohibitive.

Paper forms and paper-proxies make it difficult to maintain the guarantee of anonymity.

### 2. Online

Increasingly 360° Assessments are being completed online. When the system is established, it is very simple to administer with the system giving support for follow up and reminders. The collation of data is much easier and is usually fully automated. Online surveys are much easier with geographically distributed organisations and often include other nice features such as multi-language support, historical databases and information on trends.

While far less common, two other approaches should be mentioned.

### 1. Personal interviews

The candidate approaches each reviewer for a personal discussion. These may be personal or facilitated. Such personal feedback usually has the most impact however in unhealthy organisations this may quickly become a negative meeting.

### 2. Focus Group

The candidate meets with all of the reviewers in a facilitated discussion. Uncommon and should only be used to meet specialised development goals.

## Reference Point

Whenever we are asked to give feedback, that feedback is generated by comparing the performance we see against a reference point. Most of the time we use the reference point that sits in our head. That is meaningful for us, however it does not help others interpret the feedback.

The most important categorisation of 360° Assessment Tools is their point of reference. The main types have been listed in 360° Assessment Reference Points (on page 4). Multiple reference points can be used in the same assessment and it is common to include a small set of open questions in each questionnaire. For an effective 360° Assessment great care needs to be given to establishing a common reference point for the review. This is discussed further in Establishing a Common Reference Point (on page 7).

## Scope

The final category is the breadth of implementation and the frequency of review.

### 1. Period - Regular or Ad-hoc

Table 1: 360° Assessment Reference Points

Category	Reference Point	Application	Candidate Feedback	Performance Reviews	Development Plans
Open	The reviewer's personal viewpoint	Easy to implement. No training required. Such assessments are usually implemented as open questions or free text fields for comments. Can not be used to measure performance or development.	✓	✗	✗
Performance	Performance benchmarks published in the organisation	Can be used as a qualitative and quantitative measure of performance	✓	✓	✗
Competency	An agreed framework of competencies	Useful for individual development plans and can be used to aggregate development goals across the organisation.	✓	✗	✓

Most organisations implement the 360° in an ad-hoc manner to address a particular development concern.

Those that have a regular 360° will usually run one every couple of years. Some organisations have the 360° Assessment as part of their regular review cycle. These organisations need to monitor the possibility of review fatigue (see Reviewer Fatigue (on page 5)).

Vaughan Govier encourages organisations to run them regularly, perhaps once every two to three years, and to link the assessments into organisation wide development initiatives.

## 2. Level - Seniority of Candidates

360° Assessments are expensive to implement<sup>1</sup> and so are most common among the senior management team. There is no particular reason why they should be limited to just the senior management team. To be suitable for a 360° Assessment the managers should have three characteristics:

<sup>1</sup>It is common for organisations to consider just the cost of the Assessment tool itself when evaluating the cost. The most significant cost is the time commitment required from the reviewers and the candidates.

- They should be a manager the organisation is committed to developing.
- They should be a people manager with responsibility for the management of other people.
- The quality of their relationships inside and outside the organisation should be a key part of their success.

## 3. Individual, Team or Organisation

The most common 360° Assessments are individual.

It is valuable from time to time to run a 360° against an entire management team. This will highlight trends and cultural issues in the management team.

Occasionally organisations attempt to run 360° Assessments as a form of organisational climate survey. This is challenging and rarely results in useful data. If the goal is to diagnose organisational wide issues then the tool and in particular the questions needs to be crafted in such a way to uncover meaningful data.

## Tricks and Traps

Gaining the most value from a 360° Assessment process is not that straight forward. Some of the tricks and traps are elaborated below.

### Asking the Wrong Question

Poorly worded questions will generate biased data and may lead the user into a false sense of security that the final data is useful. The value of the output is determined directly by the value of the input. It is vital that the questions are carefully selected, calibrated and validated to collect useful data.

### Creating Actionable Output

All 360° Assessments generate a report. It is common for that report to include pages of graphs and sophisticated data analysis. In most cases this information is lost because it just does not mean anything to the candidate. If I receive a rating of 4 or 5 out of 7 on a particular question, what does that mean and what should I do to correct it? Do I have to do anything at all?

The most powerful 360° Assessment processes create very specific and personal action plans for that candidate. The key mistake is thinking that this comes from the tool and the associated report when it should come from a coaching interaction. This is discussed further in A Coaching Interaction (on page 7).

### Minimising Bias

Bias exists whenever one person reviews another. It can not be removed however a well constructed tool will minimise it's effect. This requires well constructed questions, an impersonal data collection tool and an organisation which is able to deal with feedback. All the bias which effects any other form of performance appraisal can influence a 360° Assessment. This may include power imbalance, recency effect, halo effect, confirmation bias or just the qual-

ity of the personal relationship.

To help address these issues most 360° Assessments have an element of anonymity. Some perspectives, such as the manager, can not be (and should not be) anonymous. For the remaining perspectives the element of anonymity is difficult to implement. The results from each perspective are broken down for presentation to the candidate. Should the candidate only invite two or three people from that perspective then they can usually guess "who said what".

As discussed in Is Your Organisation Ready? (on page 6), if your organisation has a culture of overt or covert hostility and so the guarantee of anonymity is essential, do not implement a 360° Assessment. Instead, place correcting these organisational culture issues as your absolute top priority.

### User Adaptation

I was once reviewing the results of a 360° Assessment with a candidate and I mentioned to him that his personal scores were consistently higher than the scores that others had given him<sup>2</sup>. His reply was straight forward, "I have been beaten up with these things before, I wanted to make sure that at least one person gave me a decent rating".

When a tool is used multiple times, smart users will adapt and start to play with the parameters of the tools to ensure that they get the best outcome. In the quoted example, the candidate played with his own responses. Users can also control the outcome through careful selection of the reviewers, coaching the reviewers and creating an obligation for reciprocal reviews ("if you give me a good review, then I will give you one").

### Reviewer Fatigue

When a tool is used multiple times, the same reviewers will be asked for their feedback. While they

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<sup>2</sup>This is actually a characteristic of most 360° Assessments. In general candidates will rate themselves higher than the reviewers from other perspectives.

are usually happy to oblige after a while they will get tired of completing the same or similar questions over and over. When this happens, the reviewer stops discriminating and only marks the couple of important issues which are relevant to them. This creates low quality output which is unhelpful to either the candidate or the organisation. A strong 360° Assessment tool will trend responses from the reviewers to identify potential biases and reviewer fatigue.

## Technology

When using an online system, many technical traps wait for the unwary. Here are a couple:

- Spam filters prevent the notification emails from being received
- Firewalls prevent access to external sites from inside an organisation
- Users will start to complete the assessment on one computer, get interrupted and then try to finish it on a separate computer
- Some users can't get access to computers to complete the questionnaires
- Users do not have reliable internet access to complete an online questionnaire

The key is to test and test again from within the organisation who will be using the online assessment.

## Implementation

### Is Your Organisation Ready?

In our experience, almost all organisations are ready and would benefit from some form of 360° Assessment process. The important word is **process**. When 360° Assessments fail it is because they are implemented as a stand-alone tool. This is like handing a box of hammers to a group of pre-school children. They will use them, they will love using

them but they will have no idea how to use them. The outcome is likely to be something broken.

Some factors will hinder the roll out of a successful 360° Assessment. If these apply, then consider delaying the implementation of a 360° process.

1. A recent reorganisation which has changed the working relationships of many people. Wait until the organisation has settled down.
2. A culture of mis-trust or of covert or overt hostility. Deal with these fundamental issues (and rapidly) before looking to improve performance.
3. A history of HR fads. This will just generate scepticism towards any new initiative, build trust between HR and the rest of the organisation first.
4. The organisation is under threat. Maybe due to an economic downturn, a merger or a possible re-organisation. Deal with the threat first.
5. Fear of repercussions from giving feedback. Deal with this unhealthy culture first.
6. An organisation which is too closely integrated. This may sound counter-intuitive however very strong or long lasting working relationships prevent effective and objective feedback.

### The 360° Appraisal Process

The process is slightly different for all organisations, however they will usually include the following steps.

1. Definition of the assessment reference point
2. Adaptation of the assessment tool
3. Briefing with senior management to secure their support
4. Briefing with all participants. This briefing should cover:

- What is the 360° Assessment
  - How will the data be used
  - What data will be collected and what data will not be collected
  - What is the process, how long will it take
  - What happens if something goes wrong
5. Open the assessment to the candidates. Each candidate will usually select their own reviewers.
  6. Open the assessment to the reviewers.
  7. Collate the data and prepare reports
  8. Personal meeting to walk through the report and to develop the action plan.

## Keys for Success

### **Define a Relevant Reference Point for Your Organisation**

As discussed in Reference Point (on page 3), all feedback is created with reference to a benchmark. The first and most difficult task in creating a successful 360° Assessment process is to define relevant performance and competency benchmarks. The list of possible or just common performance and competency benchmarks is enormous. The challenge is to edit the list down to the few essential criteria which predict success for *your organisation*.

### **Establishing a Common Reference Point**

After establishing the reference point, the next step is to ensure that all the reviewers and candidates are applying that reference point. When the common reference point has been established it needs to be propagated through the organisation. This is a three step process:

1. The reference point is documented and communicated.

2. A person has applied the reference point. This is one of the advantages of having periodic assessments. Participating in an assessment through multiple perspectives internalises the reference point.
3. In the final step, people experience the link between strength in the assessed performance benchmarks and competencies and success in the organisation.

### **A Coaching Interaction**

As mentioned in Creating Actionable Output (on page 5), the goal of a 360° Assessment is action. Action towards improving performance or developing personal and organisational capability. The presentation of information alone is a weak and unreliable method of creating action. As we say at Vaughan Govier, *it is what you do, not what you know that counts*. The link between knowledge and action is best created through a coaching conversation around the assessment report.

The coach for this interaction should be thoroughly familiar with the assessment tool, it's reference point, questions and inherent biases. They should also be familiar with the context of the organisation.

### **Integrate into a Wider Process**

360° Assessments have little value when used in isolation. They can have tremendous impact when used within a wider culture of performance improvement, personal development and organisational effectiveness.