

# The Pros and Cons of 360-Degree Feedback: Making It Work

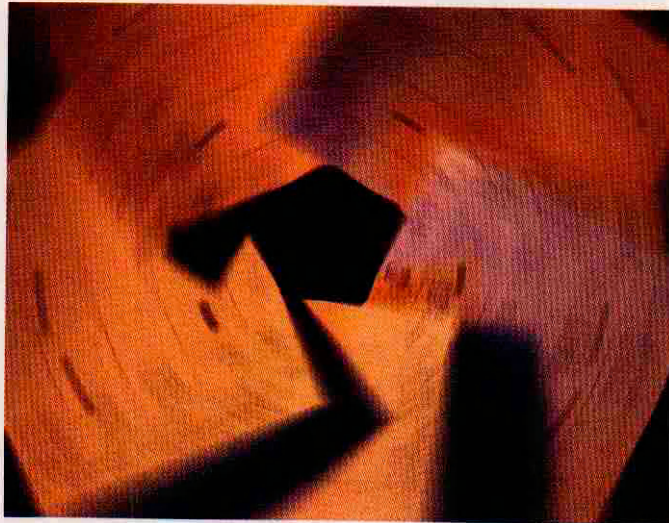
BY MARY N. VINSON

**Y**OU RECEIVE A CALL from your manager saying, "It's about time for your annual review. Can we get together?" If you're like most people, you feel a sense of dread. A 1993 survey of 100 *Fortune* 500 companies by the Wyatt Company showed that only 10 percent of the employees were satisfied with their performance appraisal systems. Most said that annual reviews were perfunctory discussions that dealt mainly with salary. Still, other surveys indicate that most employees think performance appraisals are a good idea. They want to know where they stand and what they must do to improve. If employees say that they're dissatisfied with the current appraisal system, what's the alternative?

One alternative is 360-degree feedback—also called multirater feedback, upward appraisal, full-circle feedback, and peer review. Though many companies are still using one-way, downward feedback, another Wyatt study showed a beginning trend in upward feedback. The 1992 study found that subordinates were critiquing their superiors and peers in 12 percent of the 397 U. S. companies surveyed. By 1993, the figure was up to 26 percent. So, why are some companies going this route?

## The upside

Upward feedback gathers behavioral observations from different groups within an organization. The feedback providers—bosses, peers, and subordinates—fill out a form that summarizes an employee's skills, abilities, styles, and job-related competencies. There's no ideal number of feedback providers. Typically, external assessment consultants request four to 10 feedback providers per feedback recipient. Most consultants say that who



gives the feedback is more important than how many.

As a director in a large company, my first experience with 360-degree feedback was in 1991, at a six-week executive program at the University of Pittsburgh. At the time, 360-degree feedback was rarely used. Prior to the program, I received a "Leadership Practices Inventory" that required me to conduct a self-assessment and distribute assessment surveys to my peers, subordinates, and boss. I think that I probably chose my "best" candidates for feedback, my friends. The feedback was anonymous, though it was grouped by the categories "peer, subordinates, and superior." Back then, I thought that feedback from bosses was the most valuable because they made the decisions about salaries and promotions. Other people have told me that they felt the same way.

My second encounter with 360-degree feedback was in 1993, at a program at the Wharton School of the University of Pennsylvania. This time, I was sent another assessment survey with forms for myself, three peers, three subordinates, and my boss. After the forms were completed, I spent two hours going over the responses with a consultant who was a trained facilitator and well-versed in reading and discussing feedback. She asked me to

write some action plans to address the areas in which I'd received low ratings. Considering that I had been in my position only a short time, it troubled me that I was receiving feedback from people I hadn't worked with for very long.

During follow-up six months later, I again received survey forms to distribute to the same people, if possible. The consultant scored the forms and returned them to me so that I could assess whether there had been any improvement in the areas for which I'd

written action plans. I concluded that there was some improvement. This "revisiting" was important. I needed to know whether people's perceptions of my behavior had changed.

Sometimes, feedback is sent directly to an employee with only written explanations; sometimes an external consultant or HR person interprets the feedback verbally face-to-face with the recipient. Either way, the objective is to identify behavioral areas for improvement. Companies such as AT&T, Sprint, and Signet Bank say that they use 360-degree feedback only for employee development, not salary or promotion recommendations. But as one HR manager asked me, "How can a boss be aware of an employee's feedback and not use it in his or her performance review—and not let it affect that person's salary or advancement?"

Many companies have used 360-degree feedback as part of their TQM efforts. TQM pioneer Edwards Deming said that the traditional appraisal system has no place in a quality-oriented company. The fact that the quality movement shifted emphasis from individuals to teams means that multirater feedback has the potential to promote team cohesiveness. Employees may want to meet the expectations of their peers as well as their



bosses when they know that their peers will be rating them.

Multirater feedback may also lessen discrimination and bias because the responsibility for feedback involves more people. One evaluator's own bias may still be a factor, but the role of evaluation is shared.

## The downside

Sounds great so far, right? But there is a downside. One, feedback can hurt. Evaluators aren't always nice or positive. People can see their role as a feedback provider as an opportunity to criticize others' behavior on the job. Interestingly, many feedback experts say that the most devastating criticism to people is to be labeled "untrustworthy."

Another flaw concerns conflicting opinions. Who decides who is right? What's more, employees can stack the deck by choosing their friends to provide feedback. Then, one has to question how valuable the process is. Another potential problem is when people experience "survey fatigue" from having to fill out countless forms. Then the question is: How accurate and reliable is the feedback?

Another area for concern is whether the feedback is truthful. Suppose that you have to fill out a form on someone you don't like. It's difficult to own up to negative feelings on paper, so you might equivocate. Or, you might vent. I admit that I have been less than candid on occasion, often because I didn't want to answer certain questions or hurt someone's feelings. Whatever the reason, if the feedback isn't truthful, it isn't going to be useful.

Now that we've examined the pros and cons, we can address the most important question: Does 360-degree feedback improve performance? Too often, managers receive feedback, resolve to do better, and nothing changes. That can happen whether the feedback is 360-degree or traditional, especially when it involves a strong personality. According to feedback specialists at the Center for Creative Leadership in Greensboro, North Carolina, it takes massive doses of feedback for some people's lights to come on.

People may intend to act on feedback but then feel that they're too

busy to change their behavior. Or, they may lose their commitment. Or, they may run into resistance from their subordinates and bosses. They may even convince themselves that the feedback isn't true, especially if it wasn't a universally held opinion. Perhaps the fault lies in the feedback instrument: It just didn't go far enough.

In one case, a company recently began using 360-degree feedback to assess its senior ranks. Executive officers were asked to complete a self-assessment and to distribute feedback surveys to two "direct reports" and two "indirect reports" to complete. The executives could also give the form to two peers.

The executives were apprehensive. It had been a long time since lower-level people had appraised them. The feedback instrument included seven rating areas and some open-ended questions. The executives expected the open-ended portion to benefit them most, assuming that the feedback providers would be candid—a big assumption considering that people were rating the most senior executives. In fact, many of the subordinates thought that it was dangerous to be completely truthful in this situation.

Once the feedback was compiled and tabulated, the executives were supposed to call a consultant to discuss the results. Some called; some didn't. When they were asked whether they'd acted on the feedback, some said that they "tried to pay attention to what everyone was saying." But all of them admitted that it was very easy to slip back into their usual behavior.

## What to do

Most people would agree that old habits die hard and that criticism isn't easy to take, even when it's well-intentioned. To ensure that 360-degree feedback has a better chance of producing a change, here are some recommendations:

- ▶ The feedback must be anonymous and confidential. Involving enough participants is critical to obtaining truthful, specific feedback. The promise of anonymity helps convince people that they can be candid.

- ▶ Consider the length of time in the position. Valid feedback depends on people having worked with someone

long enough to get to know them. If time on the job is less than six months, feedback from the person's prior work group can serve as a benchmark for the next appraisal.

- ▶ A feedback expert should interpret the feedback. Most people won't act on something that they don't understand. Many feedback instruments are complicated. An expert can explain the scoring and present the results properly.

- ▶ Follow-up is an essential part of the process. Employees should develop action plans on low-scoring areas on the initial appraisal and assess their improvement in follow-up surveys about six months later.

- ▶ 360-degree feedback shouldn't be used to determine salaries or promotions. The aim is to open up a dialogue.

- ▶ Let feedback providers give written descriptions as well as numerical ratings. This enables them to be specific, and the feedback will be more meaningful to the recipient.

- ▶ Ensure that the feedback instrument is reliable, valid, and based on statistical methods.

- ▶ To avoid survey fatigue, don't use 360-degree feedback on too many employees at one time. You're likely to obtain unreliable feedback. That doesn't mean that you can't use the process successfully with an entire work group. You just need to stagger the distribution of the forms.

Whether it's called multirater, 360-degree, or some other kind of feedback, it's more useful and reliable to obtain information about an employee's performance from several people at different organizational levels. Just keep in mind the tips above, and look for people to change their behavior for the better.

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