

## EXTREME APPRAISAL

An article written by Deborah Tarrant for InTheBlack Magazine.

**Multi-source or 360 degree feedback involves peers, subordinates, the boss and sometimes clients telling it like it is about an individual's strengths and weaknesses at work.**

Gillian Franklin, CEO of cosmetics distributor The Heat Group, was stunned by the news. Her valued personal assistant of many years found her habit of multi-tasking more than plain irritating. It was rude.

'I'm a touch typist, so when she came into the office to talk to me, I just used to keep answering emails while I listened to what she had to say,' recalls Franklin who, since discovering her offence, now takes her fingers off the keyboard and pays attention when her assistant comes by.

It's a niggly detail, but important when you're working with someone every day. A highly successful businesswoman, Franklin copped it from all sides. She also discovered some colleagues considered her aggressive at times. She'd had no idea. After all, who's going to tell the boss her office manner is lacking?

Franklin learned of her misdemeanours through 360 degree feedback, an increasingly prevalent and sometimes controversial tool, now used by organisations, large and small, to hone management and leadership abilities, enhance teamwork and identify learning opportunities. Multi-source feedback, as it is also known, most often involves a formal, confidential written interview process of peers, subordinates and the boss, and sometimes clients or customers, telling it like it is about an individual's behavioural strengths and weaknesses at work.

At best, it's a powerful way to boost performance and team spirit, harmonise organisational cultures, increase motivation and reduce employee turnover. As Franklin found: 'It helps you to learn what others expect of you.' At worst, it unleashes a torrent of emotion and the gamut of reactions from anger to denial and eventual acceptance in unsuspecting recipients of negative feedback. For others, it may be payback time.

Not only is it hard to accept that others don't see you as you see yourself, but multi-source feedback can have serious implications. Once used to indicate development opportunities, increasingly it's linked to performance management systems. Given that a salary increase could be threatened by poor peer reviews, understanding the 360 degree process has become imperative.

Having a focus on client relationships and billable time, professional services firms were particularly slow to embrace multi-source feedback, although almost all larger firms now use it in some form. Traditionally, partners were sacred, god-like beings, owner-operators who measured their success in fees earned. Tony van Rensburg noticed this when he was HR director at a global professional services firm in the late 1990s. He became frustrated by many senior people not taking responsibility for management and leadership within their divisions.

Van Rensburg's modus operandi was canny. He invited his then employer to participate in his PhD research, a study on the impact of 360 degree feedback in professional services firms, and his colleagues obliged. While the name of the firm remains under wraps due to the terms of the research, supervised by Professor Geoffrey Prideaux of Swinburne University's Graduate School of Entrepreneurship, the recently released results provide an eye-opener for those who misguidedly think they can get ahead by relying solely on technical expertise.

Over a three-year period, 350 people participated in interviews and a survey for van Rensburg's study that showed 360 degree feedback to be a powerful catalyst for organisational change by contributing to better all-round management. Reported effects included improved interaction with staff, greater accessibility, friendlier attitudes, less aggressiveness and the desire to seek personal development opportunities.

The study debunked conventional wisdom suggesting professionals were unable or unwilling to embrace management responsibility. To the contrary, he says: 'Participants demonstrated a great desire to become more able leaders and managers because they saw it as professionally satisfying; a way of improving their career

track and, in the long term, add to the capacity to increase their fees.

'If you manage people more effectively and have a reputation for being a good leader, it's easier to hire in the marketplace and better people want to work with you.' The research has a big impact for the professions because partnerships typically have been very private and lacked the openness and challenge presented by 360 degree feedback, which van Rensburg, now a principal of Melbourne-based human capital consultancy, the PerformGroup, describes as a sensitive piece of social engineering. But many of his findings are relevant for wider business.

Ultimately, he says 360 degree feedback puts paid to the old notion of 'them and us' cultures by creating a level playing field. 'Partners had not the faintest idea of what people thought of them, while others had a completely erroneous idea,' van Rensburg reports. 'Like senior executives everywhere, they are fed the information people want them to hear. The beauty of upward feedback is that for the first time they get it from the shoulder.'

Of course, not everyone likes it. While 90 per cent of survey participants understood the benefits, a few were 'very badly affected and went into their shells', he says. 'There were some very angry individuals for a while.'

Professor Mark Griffin, an organisational psychologist from the Australian Graduate School of Management, quips 'the 360 process takes feedback to extremes'. Not surprisingly, turning fallout into positive improvement demands the ready availability of coaching, counselling and training courses that can be used to update skills.

One of the complications of making 360 degree feedback mandatory by tying it to performance systems is the fear factor prompting dysfunctional behaviour. Classic cases are managers browbeating individuals to give positive feedback or behaving sweetly a few months before a review, then relapsing immediately after. (Instances of this were reported among managers at Enron following the US firm's spectacular collapse.) Poor raters sometimes conduct witch-hunts to snare their critics. This is why confidentiality is paramount, insists van Rensburg, although some companies allow employees to choose whether identities should be revealed.

'There are always covert and overt comparisons between managers when feedback results are released,' confirms Lisa O'Halloran of Retention Partners, a company focused on employee engagement, and '360' susses out toxic and magnet managers. Most big companies have at least two or three of the former who cause huge turnover, she says. 'However, there's no one template for a good or bad manager, someone who's good for me might be bad for you, and feedback is the way to find out. If a manager consistently receives lousy reports then you know you've got a problem.'

Much of the success of 360 degree feedback involves how it's set up in the first place. An organisation needs to be prepared for the event. Its purpose should be clearly communicated along with a clear description of the process. Personnel should be told candidly about reactions that might ensue and made aware of the support facilities available, according to the experts.

Because of its current popularity, there's also a risk in adopting 360 degree feedback because it's the trend without exploring its validity, possible consequences and the need for accuracy, warns the AGSM's Griffin. 'It's too easy to say 'Please log on and rate your leader', he says. 'It's just one of many tools.' Organisations need to consider why they are doing it and how the feedback is to be used. Beyond personal improvement are broader strategic possibilities, such as discovering what good leaders do to make customers more satisfied, he suggests.

At CSR, where the majority of senior staff go through 360 degree reviews, which ultimately link into the performance and reward system, the feedback process is considered just a piece of the performance puzzle, opines Fiona McGregor who heads CSR's group learning and organisation development. Like many organisations, CSR uses a range of feedback techniques and sources, including customers. Along with the 360 degree feedback, the company includes personality questionnaires, role plays and simulations to identify its high potential managers.

Though managers endorse the value of the 360 degree process, it is under continuous review as ways are sought to improve it, McGregor explains. Some managers find the process quite time-consuming. Popular raters may be asked for comments on 10 or more people. 'We're seeking ways to get valuable performance information assessing the root cause of behaviours, rather than just a label more quickly,' he says.

Vital to the process is the credibility of who does the rating. 'Only those who know the individual well enough should be invited to give feedback,' van Rensburg says. 'If there's concern in the eyes of the ratee about the reliability of the rater, then the feedback will be deflected.' A point also emphasised by McGregor who says at CSR managers and employees are encouraged to select reviewers together. There's also the issue of who analyses the results and delivers the feedback. Debate continues over whether it's acceptable to use an independent person internally or it is preferable to hire an external consultant. The manager is a popular choice to deliver the good and bad news, but it can be helpful to use an external person to whom true concerns can be voiced, believes Griffin, who opts for the ideal scenario in which feedback is delivered in workshops over several days so those receiving feedback have time to accept, interpret and consider positive improvements.

Despite the beneficial effects, however, there are times when multi-source evaluation is not indicated for example, during great turbulence, when organisations are restructuring or downsizing. After all, the process generates its own change dynamic. Says van Rensburg: 'You need a very stable organisation for multi-source feedback to take root.'

## WHY 360 ADDS UP FOR ACCOUNTANTS

Accountants are among the most influential individuals in any organisational setting, which is why they are more likely to embrace 360 degree feedback, says human capital consultant Tony van Rensburg.

'Many accountants recognise that they joined their profession to become technical gurus, and therefore management, leadership and people skills are often underplayed. Many find there's a quantum leap between doing a technical job at the lower levels when they land in a CFO's role without any of the appropriate management skills,' he says. 'Often they are on the management team, expected to contribute strategically and manage large groups of people effectively.'

This makes them very receptive to personal development, van Rensburg reports. 'To truly add value means delivering more than technical knowledge.'

## FIVE WAYS TO FEND THE FLAK

Your team, boss and buddies say your workplace ways are on the nose. What do you do?

1. Be courageous. Take the group into your confidence and ask them directly what you can change, rather than wait until the next review period.
2. Seek a coach to work with on the three or four identified development areas mentioned in your 360 degree feedback.
3. Look for training courses within or outside your organisation.
4. Find a mentor within the organisation. Upward feedback subordinate to boss often generates mentoring in organisations.
5. Simply be more aware.