

From a Psychological Perspective...

Volume 4

A Newsletter from Lakin Associates

...."360" Assessments

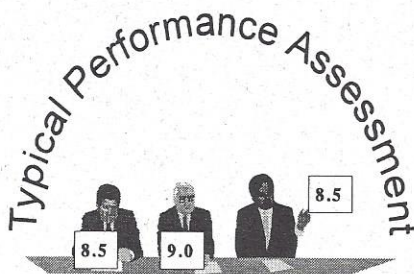
Want to know how well you are doing as a manager? Ask the people you manage!

That simple idea is the premise behind what is now being called "360" assessments. Let the people who work for you, with you, and over you rate your performance.

You can talk theory or measure attitudes about management, but the best indicator of your true and practical effectiveness as a people manager is to ask those you manage and those who work with you: "How am I doing?" "What practices are useful and which ones are not?"

What is "360" Assessment?

Obtaining ratings from people "above, below, and around" a manager led to the title "360" to describe a full circle of feedback, and the term seems to have caught the fancy of many managers.



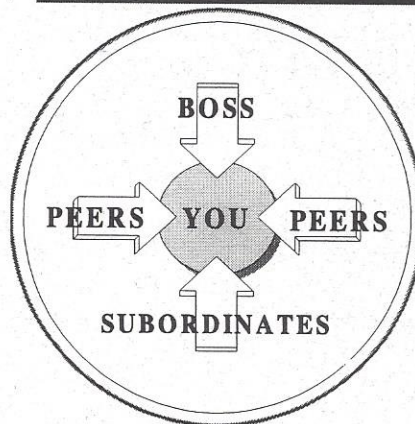
The traditional way of assessing behavior has been to ask your boss about your performance. Many results can be measured—costs, revenues, scrap, turnover, inventory. But the management practices

that create tomorrow's results are not assessed well by most executives.

In fact, one study found the boss's estimate of a manager's effectiveness with subordinates to be wrong as often as 50% of the time!

Recently, survey instruments have been used to help peers, subordinates, and bosses rate an individual manager. Surveys like

THE 360° CONCEPT



this are often called "multi-rater" or "multi-level" surveys. Although typically used to measure manager behavior, multiple ratings have also been used by Lakin Associates to assess sales representative practices through the ratings and comments of customers.

Teams can use multi-rater surveys to rate themselves. Team members' rate either the effectiveness of the team as a whole or the effectiveness of team members within the team.

The power of "360" assessment is found in the relevant information about what you do from the people who are affected most by your behavior.

Problems with "360"

Although the concept is intriguing in theory, using "360" assessment is not always a great idea in practice.

First, the use of a boss's rating distorts the message. The boss sees outcomes but not process. Therefore, a boss's ratings are often not helpful.

In addition, if an individual gets feedback from subordinates, peers, and his/her boss, *guess which rating gets the most attention?!*

Since the value of performance feedback is to improve performance, focusing on improving the boss's perception is usually mis-directed energy.

Second, many contemporary "360" surveys are not good psychometric instruments. Either they do not measure anything meaningful (validity), or they get different scores each time they are given (reliability). This is often the result of overly-broad questions or too few questions.

One commercially popular survey frequently used today measures "Encouraging the Heart" with six questions. Does a manager know what to do with feedback from six questions that says "You are not encouraging the heart enough"? Unless feedback is valid and provides a guide to specific improvement, it is not useful.

A full "360" approach is a great idea in theory; a poor idea in practice.

The most serious problem with "360" measures is the use of the

ratings for purposes other than skill development. Too often, we hear of multi-rater instruments being used to determine salary levels, promotions, and even job eliminations. Such practices lead to distrust and even hostility between people.

Problems with "360°"

- ☛ Boss rating distorts process
- ☛ Instruments may not measure useful behaviors
- ☛ Ratings used for purposes other than development
- ☛ Poor follow-up

Asking a direct report or a peer to rate your behavior is a personal and sometimes threatening request. Knowing that answers could affect a person's career is a factor that is guaranteed to distort the results. "360°" ratings should only be used for *developing* management skills.

The fourth weakness of "360°" measures is the lack of follow-up. Even the best of feedback can be wasted if no one ever asks "How are you progressing?" Sometimes just knowing the direction is not enough - a push may be needed.

Getting the most from a multi-rater assessment

Lakin Associates has used several multi-rater instruments for more than 15 years with CEOs and managers from over 3000 other companies. In the process, we have learned what is useful and what is not.

First, forget the boss's rating. It leads to misdirected energy.

One of our clients refers to the multi-rater process as "270°" assessment to emphasize the absence of the boss rating.

We believe a full "360°" is a great idea in theory and a poor idea in practice.

Second, know your purpose. We never use multi-rater assessment for anything other than skill development. We do not recommend integrating such ratings into annual performance reviews or any discussion of salary.

Multi-rater assessments should be a means to an end. They should be used to help someone improve management practices which, in turn, will lead to better results that can be measured and can relate to future compensation decisions.

Also, be specific about the skills to be developed. If you want a manager to be more effective with peers, use a peer rating instrument. If the skills that need developing relate to managing subordinates, use a subordinate rating instrument. Specify the outcome and then choose your assessors.

In most cases we do not even recommend mixing peer ratings with subordinate ratings. Decide on your purpose and pick your best, most informed assessors. It is hard enough to integrate and act on feedback from one source. Mixed sources add to the complexity of the information and can risk overloading an individual.

We rarely mix peer and subordinate ratings unless we are working one-on-one with the development of a specific manager and can ensure thorough understanding of all the information.

Third, guarantee confidentiality. There is always a tendency to ask "Who said this?" It must be impossible to answer such a question. A good survey instrument will indicate when raters disagree on ratings (variance), but it must never enable someone to know who said what.

Next, choose a good, valid, meaningful instrument. Asking

subordinates or peers to rate a colleague is emotional. People do not take the process lightly. They may joke about it later with one another, but they are serious in their ratings. If the survey is superficial or if the results do not lead to action, then both the raters and the rated manager have been cheated.

Finally, guarantee follow-up. Two kinds of follow-up are needed. First, the *raters* deserve feedback. At the very minimum, let them know the process is over and that you appreciate their participation. In other situations, it may be useful to share some or all of the results of the rating with the raters. This can lead to excellent action planning.

Follow-up plans must also be guaranteed for the rated *manager*. Someone, usually a boss, should be given the responsibility of reviewing the action plan.

Getting the most from "360°" ratings

- ☛ Forget the boss's ratings
- ☛ Know your purpose
- ☛ Guarantee confidentiality
- ☛ Choose a good instrument
- ☛ Guarantee follow-up

The actual survey results can remain confidential in the hands of the manager. This is a useful face-saving device.

But the action plan should be subject to discussion and review. Without such follow-up action, the feedback can help a person become aware of weaknesses, but that awareness may not get translated into action. Someone is often needed to help push a manager from *awareness* to *action*.

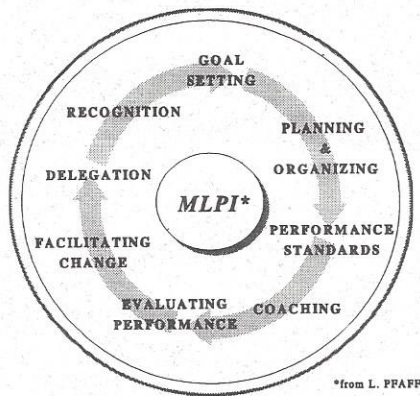
The boss should also schedule a follow-up meeting in a few weeks or months to discuss progress. The follow-up schedule may be a good time to readminister the multi-rater instrument.

The surveys used by Lakin Associates show that three-months' efforts can result in measured improvement. (At the same time, the surveys will show the painful reality of NO months' efforts, too.)

The use of a multi-rater survey for manager development should be seen as a 4-6 month commitment.

Example of using the MLPI

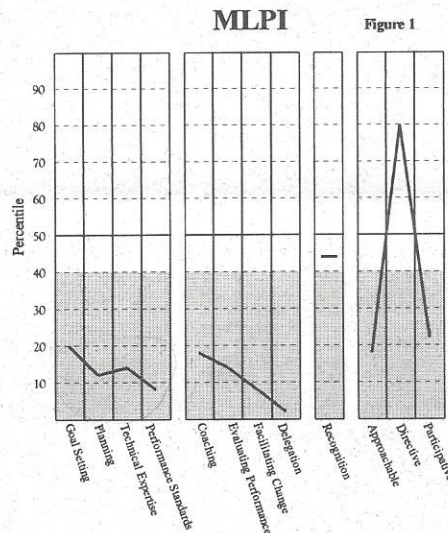
The Management/Leadership Practices Inventory (MLPI) is a "360°"-type instrument developed by Dr. Lawrence Pfaff. Lakin Associates has used it for nearly ten years. It is a well-designed instrument that measures the basic practices of managing people. It measures such skill areas as Goal Setting, Planning, Coaching, and Reinforcement. The MLPI is given to the direct reports of a manager.



The resulting data consist of detailed item-by-item results and an overall profile such as the one discussed below.

Mr. Franklin (not real name) is the President of a sales and distribution company. In 1992, the company was doing \$6.5 million annually. He was making money,

but he was not happy. He felt constantly frustrated. His managers were not responding to him, and no one was taking the lead. He was making all the decisions, even though he was hiring good people. In addition, the business had stopped growing.



His 1992 profile of management practices can be seen in Figure 1.

It becomes quickly apparent that his scores, when compared with other CEOs in similarly-sized businesses, were very low. His scores suggested that he was a bit of a tyrant. He tended to direct people rather than manage them. No one knew what he was trying to accomplish, but they certainly knew when he was telling them to do something!

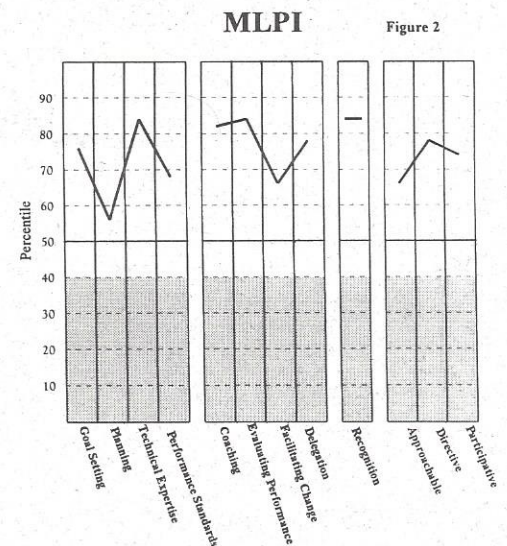
As you look at Figure 1, you will notice that each factor on the left side of the profile logically leads to the next. If a manager is weak in one area, it will make it more difficult to be strong in the next area. In Mr. Franklin's case, he was not likely to have people who understood a plan when the goal was unclear from the beginning. Therefore, his action planning began at the beginning — Goal Setting. First he started

holding monthly one-on-one meetings to discuss the priorities for the month. Goals were discussed, progress was reviewed, and plans were clarified. Each meeting had an agenda that was 50% set by Mr. Franklin and 50% set by the manager. Included in the discussion were personal as well as professional goals.

As the goals and plans became clearer, so were his standards. He began to be clearer about what he expected. And when people did not meet his new standards, he replaced them. As he described it, the company went from being a family that tolerated stubborn and non-productive habits to being a team of professionals working together toward common goals.

No longer did he have to direct people on a daily basis. Instead, he hired managers, taught them the technical aspects of the business, and served as a leader and coach. They did the managing and he did the leading.

In 1995, Mr. Franklin decided to repeat the MLPI process. His second profile is seen in Figure 2.



The results are stunning! Since he has delegated much of the planning process to his managers, his own Planning score is weaker than the

rest of his profile. Otherwise, his profile is the model of a professional manager rather than a tyrannical entrepreneur. Under this new set of management practices, Mr. Franklin's business has grown to \$13 million! And he is having more fun.

The future of "360" assessment

"360" is becoming a fad. As such, the buyer must beware. The feedback obtained from peers, bosses, or subordinates is powerful. We have seen people's lives changed by such feedback. If the process is done carefully, it can

be the most cost-effective management development available.

But be careful. When misused, especially when used for promotion or firing decisions, it invites problems.

Lakin Associates has used multi-rater feedback for nearly 15 years. We have used it for *manager development, team development, sales improvement, and executive counseling*. The MLPI can be used with one individual, and it can also be a development process for groups of managers, using a combination of group and one-on-one feedback. If you would like to

order a development program or get more information on the MLPI and "360" in general, call Lakin Associates at 1-800-541-2818 (US) or 1-312-263-4916.

News Flash!

Watch your mail for information on the Oct '95 seminar featuring "The Unfair Advantage[®]", practical applications of NLP (Neurolinguistic Programming) techniques for Sales and Management Professionals.

From a Psychological Perspective...

Volume 4

A Newsletter from Lakin Associates

"360" Assessments
Good or Bad?

The best indicator of your management effectiveness is to ask those you manage "*How am I doing?*"



20 North Wacker Drive Suite 3312 Chicago, IL 60606