THE 360 PERFORMANCE REVIEW

Words are sacred. They deserve respect. If you get the right ones, in the right order, you can nudge the world a little.
—Tom Stoppard

In one of my classes at Stanford, we teach a case that involves a 360-degree performance review (360, or 360 review) process gone bad. In that case, Tony, a manager who had areas for development but was viewed by the company’s CEO as an essential part of the organization, received the following comments during his annual 360 review:

Tony is incredibly difficult to work with. Sometimes he’s really happy, and then he’ll be really angry. Bottom line, Tony is not fun to work with… I never know where I stand with him.

Tony likes to take all the glory for himself. There are several of us on the marketing team, but I always hear him talking to others about all the work he’s done. What about the rest of us?

He never gives us any feedback on what we’re doing. He just asks for what he needs and that’s it. I have no idea if my work is good or bad.

After reading this 360 feedback, Tony walked into the CEO’s office in tears and quit. 360s can be highly valuable, but if managed poorly the results may be devastating for the employee and the organization. As noted in an article in the New York Times:

The subjects of the reviews are often left wondering who said what and in what context. This can be disabling to future performance and office productivity. It also damages the
team dynamic when the subject tries to discover the source of a nasty comment — and perhaps pins it on the wrong person.¹

Fortunately, following best practices will save you from the pitfalls of a poorly implemented 360 process and allow you to gain valuable insights as you build your organization. After all, they’re in use for good reason. As pointed out in a Harvard Business Review article:

> There is one thing we’ve personally seen that profoundly and consistently changes lives — what’s generally referred to as the 360-degree feedback process. The aggregate average of several raters really does provide a very accurate gauge of the skills of a leader.²

**Be Clear in the Design Principles**

Experts and managers that are experienced with the 360-review process may vary on certain details of what makes for an ideal feedback process, but there are common themes shared by all these resources. Keeping these observations top-of-mind will save your organization from the most frequent problems present in the 360-feedback process. When introducing a 360 process, lay out these norms and ground rules, including confidentiality, and how information in the review will and will not be used. However, remember that the process is emotional and exposing. Don’t expect your organization to accept these pledges at face value.

Initially, consider including only yourself in the 360 process, and after some curation, make those results known company wide. Then, actively model for your employees the way to respond to positive and negative feedback. Based on that experience, look for improvements in your 360 process (e.g., changing a question). In the second round, as soon as a few months later, include your senior managers in the review process, and over time extend it to the rest of the company. You’ll have to prove out the integrity of the process to your organization. Allow for as much as three years before your company fully embrace the process and the norms.

In your 360 implementation, consider starting with these four principles:

- Feedback is provided on an anonymous basis.
- Only include comments that could lead to something actionable (e.g., “I would like to have greater access to you during the week.”) Exclude comments that don’t (e.g., “I never really liked you”).
- Include specific questions to guide responses (e.g., “Please provide up to three suggestions on…”). Research shows that you’ll get better results by sticking to a few probing, open-ended questions, answerable in 15 to 20 minutes, than longer surveys, which tend to yield less thoughtful responses.
- Avoid using numeric rankings when there is no clear, objective and consistent scale across the organization. Without such calibration, responders may have different definitions of


what constitutes a given score, and in turn, you may draw statistically inaccurate comparisons.

CURATE THE RESPONSES

The final product to be delivered to the team member should not include the raw comments, even after indelicate words and statements are edited or redacted. Instead it should represent a summary of common themes that suggest specific areas of development. This approach preserves confidentiality and focuses the subject on a few actionable items that he or she can address. For example, if several subordinates reported that their manager comes late to meetings and often cancels them at the last minute, the curated feedback would summarize the main points (i.e., tardiness and perceived lack of concern for others’ time), not reproduce verbatim the original complaints (e.g., “After an all-nighter, the whole team was in the conference room at 8am sharp, ready to go, as instructed, when…”). Framing in this more clinical manner allows you to then offer unambiguous next steps for the 360 subject to take.

In the first year, this curation will need to be done by the CEO, so as not to take any risks that tactless comments might be seen by a team member. Such a mistake could set back the process by years. Later, the raw feedback collected can be handled by a human resources expert or, eventually, the person’s supervisor.

In addition, comments that are not actionable or appear designed to upset the 360 subject should be eliminated. For example, in the previously referenced New York Times article, one manager was told: “Stop using your looks and personality to get things done,” and, “I never really liked you.” These criticisms would not comply with any reasonable set of guidelines and should be removed during the curation process.

CREATE A STRUCTURED RESPONSE

The 360-review process is only valuable to the extent that it leads to changes in behavior that increase the effectiveness of the team member. Those changes should be as specific and measurable as possible. For example, at one company where the CEO asked a board member to review and summarize the responses, several managers commented that the quarterly company meetings that the CEO had promised were only taking place two to three times a year, leaving the employees feeling as if communication to them was not a priority. The specific action items that resulted were for the CEO to schedule company meetings for the first Thursday of every quarter, and then to delegate planning the meetings to her assistant.

Not everything peers and subordinates request is possible or good for the organization. Yet it’s important to acknowledge the feedback was received. The key is proper communication. In my experience, I’ve found that team members, first and foremost, want to be heard, and if they feel that they are, they will be rational about the expected level of change. A suggested format is to have each employee, after working with his or her manager, present to peers and subordinates the curated 360 feedback using the following format:

- “Here are the things I plan to work on…”

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3 Meg Halverson, op. cit.
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- “Here are some things that cannot change, and let me explain why…”
- “Here are issues I agree with, but won’t be able to work on until…”

But for those areas you do pledge to change, know that most employees in the organization will have high expectations for behavioral adjustments, as well as the pace at which they occur. Consider under-promising and over-delivering in order to manage the morale of the organization and preserve employees’ confidence in the 360 process.

As CEO, in your response to the team, be sure to strike the right note, with an eye towards creating a culture of self-improvement. The alternative could devolve quickly into a morass of confessions, defenses, and apologies. The 360 review is not a reward and punishment exercise; it’s a process where everyone participates in constant personal and professional development. Nonetheless, as you model the proper response to constructive criticism, create a safe environment to express natural human reactions. If you received consistent feedback that you appear cold and uncaring at times, consider the following response:

This was not fun to read, and I have to admit it hit me hard. But the more I thought about it [reflection]. I’m really thankful to those of you that brought this to my attention. Here’s what I plan to work on…

A 360 is not a discrete event. If you undertake a 360-feedback process annually, make sure you structure several checkpoints throughout the year. Don’t expect these to happen organically, at least not initially—you must direct your managers to have these periodic follow-ups with their employees.

CONCLUSION

I’ll leave you with this thought from two consultants who specialize in 360 reviews and other feedback processes:

There is one 360 rater who is highly unreliable and rarely predictive at all. As all our data and our long experience have shown us time and time again, that person is you. Your own perception of yourself is rarely accurate or predictive. For a GPS system to get an accurate picture of your location, it requires four different satellites. For leaders to get an accurate picture of their own effectiveness, they need feedback from their manager, peers, direct reports, and others in the organization.

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4 Jack Zenger and Joseph Folkman, op. cit.