Improving the Payoff from 360-Degree Feedback

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Historically, employees received feedback only from their direct supervisor. With flattened structures and the need to respond quickly to customer demand, 360-degree feedback ("360 feedback") was introduced to equip employees with the information needed to deal with change and to leverage individual talent to meet organizational goals. Today, many companies fully customize the 360 feedback process to the specific competencies and values required to meet their goals, often creating multiple sets of competencies to ensure relevancy to the business. Some companies have gone further and linked the process to performance appraisal and succession planning,

This article describes our research findings on the 360 feedback process. We have discovered six critical factors, or best practices, to help leaders in organizations get the most from their investment in the process. Additionally, we have found that organizations that derive the most benefit from the 360 feedback process use it for individual development planning, coaching, and feedback; and carefully manage every step of the process, from choosing who will participate to investing in extensive training for all involved employees.

360-degree feedback. It is time-consuming, people-intensive, rife with politics, and comes with a significant price tag. Yet almost every Fortune 100 company is doing it. Why?

While some firms may be attracted to the process for its sheer popularity, many companies are gaining significant organizational and individual benefits that they believe justify the investment. These companies are approaching 360-degree feedback in similar ways. Our in-depth research study of 43 global organizations uncovered six critical factors, or best practices, that organizations use to get the most from the process:

1. Use 360-degree feedback primarily for individual development.

■ Linkage to performance appraisal, compensation, succession planning is risky unless the organization is ready and a development culture exists.

2. Link the process and align participants with strategic imperatives.

■ Build business-focused competencies and customize to specific functions, levels, and jobs.
■ Involve the customer.

3. Exert high administrative control over every aspect of the 360 feedback process.

■ Choose the participants and manage the feedback process closely, approving the raters. Train everybody involved in advance.

4. Use senior management as role models.

■ Invest time, money, and resources.

5. Use highly trained internal coaches to leverage your investment.

■ Participants need help understanding the feedback and following through on an action plan.
■ Sharing results with the supervisor and customer can create a team approach to development.

6. Evaluate the return on investment or effectiveness of the process as you would any business endeavor.

■ Identify individual and organizational trends.
■ Treat 360 feedback as a human resource system that adds value to the business.

A Historical Perspective

Difficulty providing honest and direct feedback has plagued human beings since the beginning of time. As far back as the 3rd century A.D., during the Wei Dynasty, an "imperial rater" was installed to evaluate the performance of the official family members, causing much internal debate about the fairness of his decisions.

Moving forward to the industrialization of the United States in the late 1800s, the typical workplace was characterized by autocratic authority and a participant population without rights. Supervisor feedback to workers was random, harsh, and primarily focused on level of output.

After the Second World War, several forces brought additional processes to the boss-subordinate relationship. The events of the war raised concerns about the negative effects of authoritarianism and provoked an interest in democracy and autonomy in the workplace. A booming economy, increased opportunity, a desire for the "good life," and labor relations issues combined to mobilize an increased focus on participant motivation and job satisfaction. The origins of 360 feedback can be traced to early participant satisfaction surveys designed to improve communication and morale, and to an increased understanding of the power of goal-setting and feedback to inspire performance. Regular performance reviews between supervisor and participant became the norm.

Changes in the 20th century workplace have diminished a supervisor's ability to assess fully his or her participant's performance. Organizations have streamlined their structures and flattened hierarchies to become more competitive, creating bigger jobs for managers who now have more direct reports and less time. Participants are required to communicate and work with others across organizational boundaries and out of the supervisor's reach, undermining the reliability of traditional supervisor-participant performance feedback. With the pressure of global competition, the focus of business has moved from the company to the customer and marketplace. For today's participants to be responsive and adapt to change, they need to know not only their bosses' views, but also the perceptions of peers and customers. The notion of subordinate feedback revolutionized the feedback process. Research demonstrated that the perceptions held by direct reports of their supervisors were not only accurate but also a motivator in changing managerial behavior.

So 360 feedback – or multi-source feedback – began to sweep through organizations. Participants began to receive feedback from a variety of sources, including supervisors, peers, and

customers, and were then able to compare the results with their own views. The process provided participants with information on how they manage, work with others, and get results.

Hoping to gain a competitive advantage, organizations in the 1990s began to align their feedback processes with overall strategies and goals. The 360 feedback process was designed around those behaviors, competencies, and individual characteristics that would lead to the accomplishment of strategic objectives. For example, many companies began the 360 feedback process by defining key organizational capabilities. They then developed a competency model that detailed thee behaviors or skills necessary to achieve those capabilities. The competency model became the basis for measuring participant behaviors and skills during the 360 feedback process. The reasons for beginning the 360 feedback process were varied. One company became concerned about a shrinking talent pool, and placed development of leaders as its highest priority. Another defined corporate values and needs after a merger to clarify the new culture and mission. In these companies, the 360 feedback survey was fully customized to specific competencies and values.

The predominance of 360 feedback and lagging research about best practices led us to examine why and how organizations are using 360 feedback today. An initial survey, of senior human resource executives from 145 global organizations completed in 1998, resulted in 43 responses regarding the degree of benefit companies had derived from the 360 feedback process (see Exhibits 1 & 2). These organizations represented a mix of mid- and large-sized corporations, with revenues ranges from $4.2 billion to $163 billion and employees numbering 4,000 to 300,000. We then divided the organizations into three groups – higher-benefit, low-benefit, and moderate-benefit – based on responses to the two most frequently answered questions – *360 feedback was beneficial to the organization and 360 feedback process was worth the resources committed* (see Exhibit 3). It was discovered that 21.5 percent of organizations found 360 feedback to be of high benefit, 57 percent found 360 feedback to be of moderate benefit, and 21.5 percent found 360 feedback to be of low benefit. The higher-benefit organizations provide a model of best practices for those considering implementing, expanding, or improving 360 feedback in their organizations.

We organized the research into five practice clusters: the purpose of 360 feedback, procedures used for implementation, resources used to support the process, coaching resources and process, and evaluation for effectiveness.

The Purpose of 360 Feedback

Originally, 360 feedback was used to accelerate the growth and development of a talented participant. The belief was that understanding discrepancies between how we see ourselves and how others see us would enhance self-awareness and lead to personal development. High-potential executives received a full assessment, with support from an external psychologist who designed and followed through on a detailed development plan.

Over the years, the uses of 360 feedback have expanded significantly to include not only executive development, feedback, individual development planning, and coaching, but also career development, training, performance
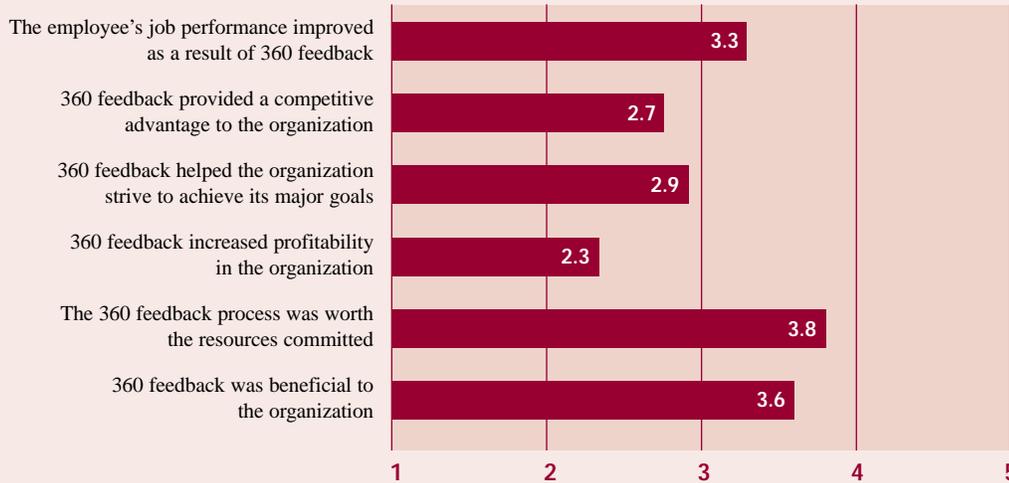
EXHIBIT 2

Types of Outcomes of 360 feedback

The employee's job performance improved as a result of 360 feedback	3.3
360 feedback provided a competitive advantage to the organization	2.7
360 feedback helped the organization strive to achieve its major goals	2.9
360 feedback increased profitability in the organization	2.3
The 360 feedback process was worth the resources committed	3.8
360 feedback was beneficial to the organization	3.6

Scale: 1 2 3 4 5

EXHIBIT 3

Distribution of Organizations: Higher-Benefit, Moderate-Benefit, Low-Benefit

High-Benefit	Moderate-Benefit	Low-Benefit
~22%	~58%	~22%
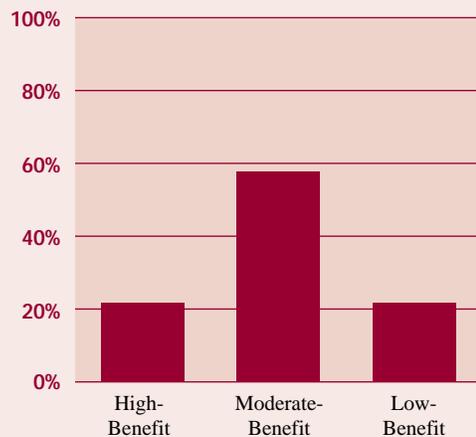
appraisal, compensation, succession planning, and team-building. As organizations began to use 360 feedback for purposes other than individual development, the process often failed. Some participants felt penalized if scores on the feedback reports were linked to their success within the organization; others found the tie to compensation to be unfair, especially in environments where the commitment to development was in question. Buy-in and support for 360 feedback among participants was affected.

According to our survey, most organizations are still using 360 feedback as a development and feedback tool (see Exhibit 4). Organizations that derive the most benefit from 360 feedback use it for individual development planning, coaching, and feedback much more so than companies that derived the least benefit (see Exhibit 5). These higher-benefit organizations believe that with individual development as a primary goal, a "development culture" will emerge, resulting in higher performance for the company as a whole. As Jack Welch states in *Straight from the Gut*, "We build great people, who then build great products and services" (Warner Books, 2001). Individual 360 feedback results are shared with key people, leading to shared ownership over personal development and individual action plans resulting in more open, communicative cultures. Individual development, then, begins to have broad organizational impact.

Some organizations use the individual information obtained from the 360 feedback measurement tool to create and maintain a database for a variety of organizational analyses. Companies can assess their talent pool, determine leadership gaps, detect organization-wide problems, and measure the alignment of participants with key organizational priorities.

EXHIBIT 4

The Purpose of 360 Feedback Today

Purpose	Rating
Compensation	1.6
Team building	2
Succession planning	2.3
Performance appraisal	2.3
Training	2.8
Career development	2.8
Coaching	3.4
Executive development	3.5
Development feedback	3.8
Individual development planning	3.9

Scale: 1 2 3 4 5

EXHIBIT 5

Best Practices

a. PURPOSES

- Coaching
- Individual Development Planning
- Developmental Feedback

b. PROCEDURES

- Participants were nominated for participation
- Participants were trained in advance
- Participants' selection of raters was approved
- Raters were trained in advance
- The organization used multiple instruments
- 360 feedback results were shared with the participant's supervisor
- 360 feedback results were communicated to the participant
- The organization used less administration
- Participants were rated by customers

c. RESOURCES

- Commitment from Senior Management
- Financial Resources
- Time
- People

d. COACHING

- Coaching was used as part of the 360 feedback procedure
- The organization used appropriate criteria for the selection of coaches
- The procedures for 360 feedback were communicated clearly to the coaches
- The coaches were trained in advance on the instrument
- The coaches helped build an action/development plan for the participant

Implementation Procedures

The instrument or questionnaire used in evaluating the participant is crucial to the 360 feedback process. The questionnaire determines the quality of the feedback. A multitude of different instruments and items are available on the market today. Organizations are faced with a choice of not just which, but how many instruments to use. They can choose to use one instrument across their entire organization, or they can use multiple instruments for different levels or departments. Both of these approaches have their advantages. Standardizing the use of one instrument allows the organization to compare individual and group results across levels and departments, whereas the use of multiple instruments or sets of competencies allows the organization to target skills that are specific or critical to participants in different levels or positions.

Customizing Competencies

We found that higher-benefit organizations use multiple sets of competencies to ensure participants see the value and importance of the feedback they receive. With multiple sets of competencies, participants in different levels or positions receive feedback targeted specifically to their job responsibilities, making the results more meaningful. As one executive commented, "Focus on the right competencies is critical. Customizing the process to what is important and valued has added

tremendous importance and credibility to our effort. It has been rewarding to see how seriously people are treating their feedback."

The customization of the feedback tool can be instrumental in helping to create an open culture. "Participants in our 360 feedback process like the fact that the tool is customized," one manager said. "They can see how it directly applies to their jobs as well as the organization. Participants discuss their results with peers, who are struggling with similar issues. This is in keeping with our culture – trust each other." Individual results on strategic priorities link the participant more closely to the organization as well as to his or her supervisor, peers, and customers. Participants cannot discount the importance of the process because of its connection to the business and to their individual success.

Exerting Control

Higher-benefit organizations are clearly differentiated by a greater level of administrative control, discipline, and careful implementation – a striking finding with today's work environment increasingly influenced by the notion of individual empowerment. In each step of the 360 feedback process, the participant's experience is carefully managed (see Exhibit 5). These organizations prefer internal to external administration, implying both control and ownership over the process. As the process begins, the organization chooses those who will receive 360 feedback – there are no self-nominations. In our study, 67 percent of higher-benefit organizations exerted high control over the nominating process, while 78 percent of low-benefit organizations utilized voluntary participation. To ensure the process is understood and beneficial, participants in higher-benefit companies are trained in advance. This reduces anxiety and also helps the individual accept and act on the final results. In one company, participants and their managers are required to go through a full self-paced online training program before they participate.

These organizations also maintain a level of approval over the individual's selection of raters. More than 60 percent of higher-benefit organizations approve the selection of raters (see Exhibit 6). This ensures that a meaningful set of responses is obtained and helps to avoid some of the typical pitfalls and criticisms of 360 feedback – friends rating friends in a kindly but unhelpful manner, or raters assessing an participant with

whom they have had little experience. "There should be a standardized process whereby you must submit the questionnaire to specific individuals – direct customer, support function, boss, and direct reports. Otherwise, individuals send the survey to friends who only provide positive feedback," one supervisor said.

EXHIBIT 6

Higher-Benefit Organizations Approve the Selection of Raters

Higher-benefit	63%
Moderate-benefit	48%
Low-benefit	11%

Training Raters

In higher-benefit companies, those completing the surveys, or "raters," are more likely to be trained in advance to ensure that results are as objective and helpful as possible. Research has clearly established that raters can commit errors, such as judging too leniently or harshly. As one executive said, "Raters need to be trained in both the theory and objective of multi-rater feedback. Training the raters on the use of the survey tool, the rating scale, as well as definitions of competencies, definitely leads to improved consistency of results."

Communicating Results

Higher-benefit organizations communicate the results to the participant. These organizations also tend to ensure that the supervisor is included in the feedback process. Research has shown that the participant's productivity is determined primarily by his or her relationship with direct supervisors. Sharing results with the supervisor, combined with involvement of the customer, can create an atmosphere of openness and accountability; however, sharing the results with the supervisor is likely to inflate the ratings, as raters will work to reduce negative impact on their colleague.

When supervisors are involved, they become inspired to act as coaches and support their subordinates' plans. One participant in a higher-benefit company described his experience: "I discussed my top strengths and top development

areas with my supervisor and together we determined areas of focus for development." Another said, "For the next year, working with my manager, I incorporated the feedback into my personal development plan." When participants share the results with the supervisor, individual development becomes the primary focus.

Involving Customers

In 67 percent of the higher-benefit organizations, customers were asked to rate the participants, compared to 22 percent of low-benefit companies. Involving the customer requires a follow-up action from the participant to provide feedback to the customer, "closing the loop," and spurring a team approach to the resulting action plan.

Rolling Down 360 Feedback

As 360 feedback gained popularity, and technological advantages made it easier to implement, the process often cascaded from executive levels to non-exempt participants. One executive told us that his organization had 10 managers participate in 1990; in 1999 there were more than 3,500 participants who experienced the process, and additional growth was planned. Because 360 feedback is time-consuming, most higher-benefit organizations keep the logistics of the process simple, leveraging internal electronic administration, but using technology only for efficiency, not to depersonalize the process. Interestingly, paper and pencil methods for completing the 360 questionnaires are still the primary tools used in most (90%) organizations surveyed (see Exhibit 7). Personal coaching from internal or external consultants is still found to be the most effective way to provide participants with one-on-one assistance and support.

In the original model of 360 feedback, the highest-potential executives received a full assessment and built a detailed development plan, which an external consultant designed and followed over time. Today, many levels of the organization have the opportunity to receive this high-benefit feedback. Care should still be taken to target high-potential managers. In *The War for Talent*, a McKinsey and Company report, most companies could not even identify their high performers, much less develop them (Chambers, et al., 1998). In order for organizations to maintain competitiveness, they must provide more personalized and ongoing feedback for this critical leadership group.

EXHIBIT 7

Methods Used to Administer 360 Feedback
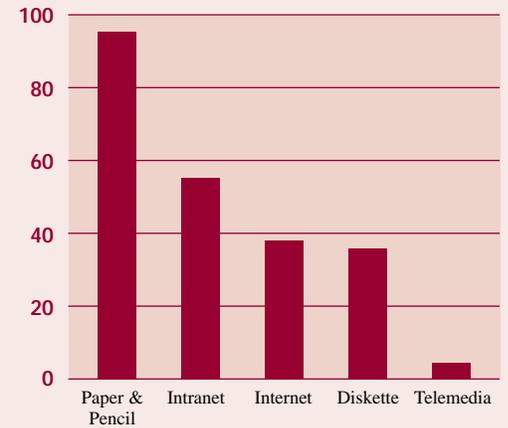
Determining Confidentiality Boundaries

While not a differentiating practice in our study, confidentiality and anonymity occurred to a great extent in 97 percent of all the companies. Maintaining the anonymity of the rater's feedback is key to the process. Just as a tie to compensation can lead raters to soften their ratings, so can a lack of anonymity. Over time, many organizations have questioned the need to make 360 feedback results known only to the employee and an external coach. For example, in some organizations, both the HR department and the supervisor receive the 360 feedback results. This level of openness can occur only in a development culture in which widespread understanding exists that development is the primary goal and confidentiality boundaries are clear. Confidentiality of the participant's report and clarity regarding boundaries – who will and will not have access – sends the message that the organization is focused on development versus evaluation.

The confidentiality boundaries a company chooses to use in the 360 feedback process should be a function of "organizational readiness," a term we use to characterize the existing culture and level of trust. As we consult with organizations that use 360 feedback, we help them assess five components:

1. Familiarity with 360 feedback data
2. Purpose or objectives of 360 feedback in their organization (development, performance appraisals, etc.)
3. Underlying beliefs regarding development,

such as the degree of learning that can result from 360 feedback

4. A senior group that displays high integrity in their communications and participation in the process

5. Overall assessment of current cultural attributes as well as the level of trust in the organization

Promotion Linkage

One executive in a company that linked 360 feedback to promotion commented on the problems that can ensue when 360 is used for purposes other than development. "Some people choose raters to minimize negative feedback, presumably to improve chance for promotion. My suggestion for our organization is to make 360 available only to the participant for his or her own use. That way people can seek honest feedback from the right people, receive information that might truly be helpful, and not worry about hurting their promotion chances."

Resources

360 feedback is a time-consuming, expensive, and people-intensive process. Our research clearly established that higher-benefit organizations are fully committed to the 360 feedback process. Higher-benefit organizations provide resources to a great extent on all fronts – senior management support, financial, time, and people resources (see Exhibit 5). Commitment from senior management appears to be critical in sanctioning the use of work time for development and freeing monetary and people resources to support the process. As one executive stated, "The president believed in the process and saw it as beneficial. This was the key to moving it through the organization." Participants who observed their supervisor's involvement and buy-in to the process were more likely to approach the process with an open mind. "The participants look up to the CEO as a role model," one executive told us. "They want to emulate him. They will follow his lead."

Coaching

Coaching – or the process of using internal or external individuals to explain 360 feedback results and assist in development planning – is a critical component of an effective 360 feedback process in many organizations (see Exhibit 8). Higher-benefit organizations invest significant time and exhibit high administrative control and organizational discipline over the coaching

EXHIBIT 8

Coaching Is an Important Part of the 360 Feedback Process
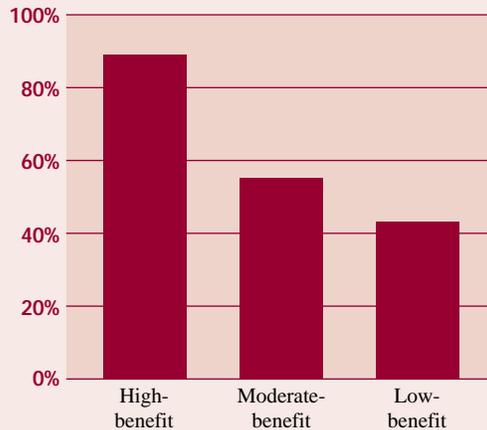
process – beginning with careful selection of coaches against criteria, the clear delineation of procedure to the coaches, and intensive training on the instrument and process (see Exhibit 5). Coaches are well-informed and trained in advance and fully linked to the organization and the feedback process. Coaches in these organizations are integrally involved with the manager in building and following through on an action plan.

One executive described his experience working with an expert coach. "I read and reread my feedback report. What our outside facilitator found in that report was astounding – connections between practices and themes about my management behavior that were stunningly accurate."

Only 25 percent of higher-benefit organizations use external coaches, compared to 50 percent of low-benefit companies. In a related survey of 77 participants involved in the 360 feedback process, only 4 percent reported having external coaches. This increased use of internal resources represents a striking change from the early days of 360 feedback – when an external psychologist worked one-on-one with high-potential executives and managers, explaining the survey feedback and developing a plan. This phenomenon may have resulted from the proliferation of 360 feedback to all levels of the organization, making it difficult to justify the financial impact of using external coaches for many. Now, external coaches are more often used to train internal participants to be effective coaches – delivering effective feedback and building development plans.

The trend may reflect a growing understanding of the role of HR staff as a strategic business partner. But it also implies that 360 feedback works best when the best-informed resources are involved – the supervisor and HR staff in conjunction with the participant – and able to maintain regular contact and follow-up on an ongoing basis. In a follow-up survey of 360 feedback participants, 70 percent reported that having a coach helped them make more effective use of their feedback results.

Evaluation

Despite the time, cost, people, and resources involved, many organizations do not evaluate the effectiveness of the 360 feedback process. Any other aspect of a company's functioning – from marketing to operations – would be under enormous scrutiny for results based on such an investment. In fact, evaluating the effectiveness of 360 feedback was the most discriminating practice in our survey (see Exhibit 9). More than 55 percent of the higher-benefit organizations evaluate their 360 feedback process to a great extent compared to the 65 percent of lower-benefit organizations who did no evaluation.

EXHIBIT 9

Evaluation Is an Important Part of the 360 Feedback Process
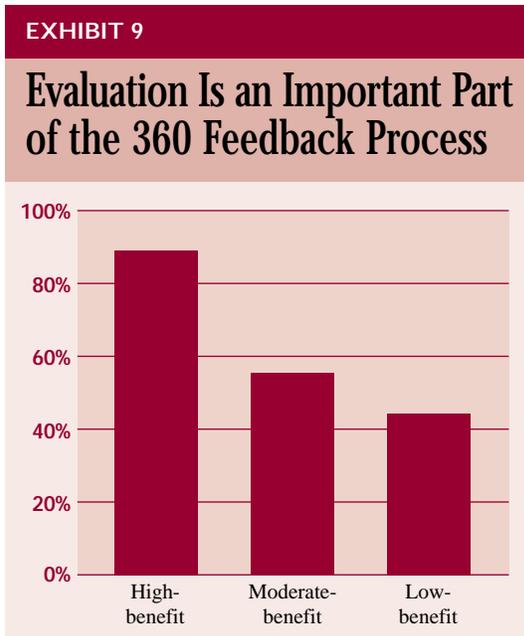
The companies who do evaluate the process often build this assessment into a regular organizational climate or health survey to determine the alignment of participant behaviors with organizational goals. In one higher-benefit company, focus groups were utilized to revalidate the

competencies and gain information on how helpful the process was to participants and the impact on behavior. Another conducted a survey of participants, HR staff, and customers regarding awareness of the process, its importance, their participation and satisfaction with the results.

Future Research: Using 360 to Assess 360

Many aspects of the 360 feedback process require further research. We are currently conducting research on how the participant views the 360 feedback process. We believe we should use a multi-source feedback approach to gain information about 360 feedback from the organization, the participant, direct reports and peers, and customers.

The Organization

With the increasing customization of 360 feedback instruments and the tendency to penetrate at many levels of the organization, companies will have more reliable data on groups of participants to measure progress over time. For example, companies that have access to the resultant database from the 360 feedback process can conduct organizational analyses to determine and assess differences between functions and divisions. Some organizations use the database to determine strengths and weaknesses by organizational level, tenure, performance, or potential. In some cases, these analyses are used to determine training and organizational development requirements across the organization.

The Participant

After conducting the organizational study, we extended our research to examine how the participant views the 360 feedback process. We compared the participants' views with that of the organization on the five categories described in this article – purpose, procedures, resources, coaching, and evaluation. Preliminary findings show that participants do feel they received honest feedback, gained self-insight and an understanding of how they were perceived by the organization, and were able to build a personal development plan to improve performance. Participants recommended that the process be improved by providing more coaching opportunities, increasing commitment from the organization to the process, and ensuring that the feedback is confidential or used for development, not performance. Many of these suggestions

represent the best practices that we found in our organizational study.

While both the organization and the participant indicated that sufficient communication exists about the 360 feedback process, participants and organizations viewed the purpose of the process differently. Organizations in the study indicated that the 360 feedback process was being used for individual development, while participants believed the process was being used for individual development, performance appraisal, compensation, and team-building. The opportunity clearly exists for organizations to communicate more effectively the purpose of 360 feedback, ensuring a climate of trust and shared understanding about the process.

Additional research is needed to understand more fully the value of 360 feedback to participants and the differences and similarities between the organization's and participants' views.

Direct Reports and Peers

The existence of participant individual development plans provides organizations with the opportunity to measure progress at the individual level. Some organizations are beginning to use feedback from direct reports and peers to measure the change in participant's behavior over short periods of time. For example, if a participant is targeting his or her development efforts at improving cross-functional teamwork on key projects, requesting periodic feedback from peers would help keep his or her development efforts on track. Direct report information can be useful for managers who are working on improving their style or behavior with subordinates. One company also uses feedback from direct reports to help managers having difficulty working laterally with others. In this case, feedback from direct reports in both functions can demonstrate the mixed messages received from senior managers regarding the importance of teamwork.

In response to the desire of companies to focus on actual improvement at the individual level, companies have begun to assess the return on investment from the 360 feedback process. This trend has emerged as organizations try to justify the costs associated with 360 feedback and seek more immediate and objective signs of results. Companies now have access to tools that measure the return on investment and the degree of individual change over the period before, during, and after implementing 360 feedback and development plans. These tools are designed to reveal even small changes in skills and behaviors, avoiding the typical one-to-two-year delay for a repeat survey.

Customers

Information about the value of 360 feedback to customers and customer input regarding the usefulness of the process are nonexistent, in part because the number of organizations including customers in their surveys is proportionately low. Customer satisfaction surveys could provide information to help organizations target the 360 feedback process, just as organizational climate and health surveys do today. Benefits to the organization and customer would result from an increased focus on measuring progress, including ongoing communication, the demonstration by the organization of real desire to change, and a clear commitment by both parties to the customer-company partnership.

Learnings from the preceding research model would not only benefit the participant in his or her quest for improvement, but would also yield a substantial benefit to the organization. As organizations begin to gain input from multiple sources about the effectiveness of the 360 feedback process, they will have real proof that their investment of time and money is paying off. Individual and organizational issues as well as alignment of the employees to strategic goals could all be assessed, with progress measured over time. The culture of the organization would benefit from more open communication and an ongoing focus on learning and improvement.

Roles In the Organization: A Business Partnership

The tendency of organizations to exert control over each aspect of the 360 feedback process represents a shift from the external to the internal, changing the roles of line managers, internal HR staff, and the external consultant. The relationship between supervisor and employee is positively affected, as the 360 feedback process helps to create a culture of ongoing learning. Managers who are in open communication with their staff and in ongoing dialogue regarding development and work-related improvements have incorporated human resource management as part of the job. For the HR executive, the 360 feedback process offers the opportunity to become a business partner, defining organizational capability and the individual competencies needed to achieve strategic objectives. Business

and HR executives work as a team, using 360 feedback as a tool for developing talent and managing change.

Effective implementation of a complicated HR system such as 360 feedback represents a sizable administrative and management challenge for HR – designing the feedback to reflect corporate values, selecting participants, approving raters, training both in the process, and counseling specific employees. The role of the external I/O psychologist changes as well, utilized less for one-on-one coaching and more as a trainer of trainers, helping internal coaches learn feedback and counseling skills.

Talent development is a top priority for most business leaders today. When implemented well, 360 feedback can have the power to leverage individual talent to meet organizational goals (see Exhibit 10). Organizations that can link the process to overarching goals, secure senior management support, manage the implementation of key procedures and processes from communication to training and ongoing support, and evaluate results have the opportunity to create a workplace where participants and mangers have a clear understanding of how they must work to fulfill organizational goals.

EXHIBIT 10

Improving the Payoff from 360-Degree Feedback

Focus on Participant Development	■ Use 360-degree feedback as a developmental feedback tool. ■ Suppress the inclination to link it with compensation or performance appraisal unless the organizational culture is fully supportive and clear that development is the top priority.
Align to the Business	■ Link the process and align with strategic imperatives. ■ Build business-focused competencies and customize specific jobs, levels, and functions. ■ Involve the customer.
Maintain Control	■ Exert control over the nominating process. ■ Target the participant with the greatest need and/or potential. ■ Approve the manager's selection of raters. ■ Train all participants in advance to ensure accurate and honest feedback. ■ Decide in advance who will see the individual results and communicate this carefully – sharing results with the supervisor can create an atmosphere of openness and accountability but can also lead to inflated ratings.
Leverage Resources	■ Involve the customer to create an environment of continuous improvements. ■ Get senior management support and provide enough money, time, and people resources to make 360 a success.
Build Coaching Capability	■ Coaches are key – train them. Consider using external resources to train your participants to coach recipients.
Return on Investment	■ Evaluate the effectiveness of 360 in your organization to justify the investment and learn individual and organizational trends to target in the future.

Biographical Sketches

Evelyn Rogers holds a Ph.D. in psychology from Hofstra University and has worked in the field of industrial and organizational psychology for more than 20 years. In addition to serving as manager of management development at PepsiCo, she was senior vice president of Worldwide Human Resources at Young & Rubicam. Her Greenwich, CT-based firm, E. Rogers Associates, specializes in strategic human resources management, executive assessments, career and succession planning, competency modeling, performance management, and team development and effectiveness.

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William Metlay is professor of psychology and director of industrial/organizational psychology at Hofstra University. He is the founder and president of the Center for Organizational Excellence, a consulting company specializing in worker productivity and satisfaction, product and service quality, and customer satisfaction.

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