

# High-Tech 360

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Here's a technology solution for conducting 360-degree feedback—  
and a way to determine whether your organization is ready.

There's a strong move beyond the traditional use of 360 feedback only for development to link it instead to an organization's performance management system. Because such programs are complex, labor intense, and expensive, it's difficult to imagine expanding one to cover an entire workforce. But information technology is making that more practical. Can it make 360 easier? Is your organization ready for high-tech 360?

In its simplest form, an Internet-based 360 process consists of a survey loaded at a Website. Most service providers (vendors that offer the online feedback) build into the engine that runs a Website many of the administrative steps involved in conducting 360—from start to finish. Within an organization, an administrator (usually an HR professional) is responsible for setting up and maintaining the Internet-based process. The administrator interacts with the service provider over the phone or online at the administrator's page on the Website and sets the parameters for the company's application of the 360 process by "flipping" a series of switches at the Website.

Let us assume that a 360 process has been set up by your organization to be conducted over the Internet. Here's how your own personal 360 evaluation might work.

You receive an email from the service provider giving you instructions and timeframes for the assessment. Next, using your PC's standard browser, you access the service provider's Website on the Internet and key in your personal ID and password. Then, you create a list of raters who will be asked to provide feedback

about you. As you build your rater list, you can select names from a drop-down menu of company employees or enter other names and email addresses. Some raters might already have been preloaded onto your list—such as your boss, your staff, and yourself. Usually, your boss or an HR representative reviews the selections.

Next, raters are sent an email message requesting them to go to the Website and complete an assessment. At the end of the time window, feedback on you and other participants is collected, collated, and assembled into feedback reports. The administrator sets all of the parameters up-front, including timeframe, deadlines, content, email wording, identification of rater groups, and provisions for anonymity, such as how and to whom feedback reports will be routed.

An Internet-based system runs on the service provider's computer system. Employees of the client organization access the Website through their browsers the same way they would access the *New York Times* or ESPN Websites. In contrast, an intranet process is delivered on a company's LAN (local area network) and is owned, operated, and maintained by the company rather than a service provider.

Here are several ways an Internet-based solution can improve the 360-degree feedback process.

Logistics. In an Internet-based process, email replaces paper communication. The forms are not distributed but are filled out at the Website and collected electronically as raters complete them. The administrator doesn't have to initiate each communication or touch each form because distribution and collection are automatic.

Raters don't receive separate communications from all of the feedback recipients. The information is collated, and one email is sent to each rater regardless of the number of assessments that a rater has been requested to do. So, with most systems, you aren't trading a paper logjam for an electronic one. Thus, things are easier logistically for participants, raters, and administrators.

If an assessment is being used for administrative rather than development purposes, a participant can ask her supervisor to check her rater list online to make sure there's a fair representation of raters. In fact, that request can be made via email from the service provider as part of the administrative automation.

To reduce the chances of someone being rated by bogus raters, security provisions can block raters without valid IDs and passwords from gaining access to the Website. If a rater list is preloaded from the employee database, a participant's supervisor and staff are already known by the system. Raters can receive training through an interactive online module before they do any rating. That feature alone can save a bundle in terms of time and resources and can produce more accurate ratings.

During the time window for completing assessments, it's recommended to send reminder emails to raters who haven't done their ratings. Some still might not respond. In such cases, their supervisors should be notified by email. That can also be handled automatically by the service provider's system. Rater overload. An interesting technological solution to rater overload is to set

a cap on the number of assessments any one rater can be asked to complete—for example, a limit of 15 assessments. As participants build their rater lists, the system keeps track of how many participants each rater is being asked to assess. If a participant enters a 16th name on a list, he will get a notice onscreen saying that rater is “booked up.”

There will always be an overload problem, however, for supervisors who have to evaluate a large number of staff, all by the same due date. Even a high-tech system can't reduce the number of staff. But what it can do is shield a supervisor from having to rate an excessive number of non-staff people in addition to direct reports. Another thing it can do is make the process of completing an assessment less onerous than filling out and mailing a paper form. That's due partly to Web design, and we'll see improvements in that as providers gain experience conducting online assessments. Regardless of the technology, the questionnaire has to be concise—that is, no more than 60 items.

**Rater reliability.** Some technical steps can improve the quality of rater-provided data. Because raters interact directly with the system as they make their ratings, the system can respond directly when their responses fall outside predefined limits. For example, a system can look for instances in which a rater gives the same rating on all assessment items—such as, all 5s. Such “straight ticket” scoring is most likely due to the rater rushing through the assessment without carefully reading the items. In such cases, the system can issue a friendly warning and suggest that the rater go back and find some items that might rate other than a 5. Some systems can prevent invalid input from being submitted.

**Insulating layer of comfort.** One reason companies often use an outside provider to conduct 360 feedback is that raters are more likely to be candid when they know that the data is being collected by an independent firm. Intranet administration of 360 programs in which data is collected on a company's LAN doesn't provide raters with an insulating layer of comfort.

One way to increase rater accountability with technology-based systems is to give raters feedback reports on how closely they agree with others' ratings of the same participants. That gives raters a frame of reference: Are their ratings more severe or more lenient? You can do that

with an Internet-based system because the raters' identities are known to the system, and it's important to ensure their confidentiality. In a paper-based approach, typically the raters' identities are not captured.

**Creating behavior change.** Before participants read their feedback, they can complete an online training module that prepares them to accept the feedback. In feedback workshops we've conducted, we have seen that a similar exercise helps reduce participants' defensiveness. An online program is especially effective when used as a prerequisite to working with a feedback coach.

In addition, participants can work with a virtual feedback coach online to help prepare their development plans. At the conclusion of the assessment process, they go to the Website and read their feedback reports. The site links to an interactive development-planning system that guides them through steps to identify key development needs and design an individual development plan to address those needs. Periodically, the site should be updated to reflect participants' progress.

Such online modules aren't meant to substitute for face-to-face discussion with a supervisor or feedback consultant. The intent of hooking up 360 feedback to Internet technology isn't to remove all human interaction; it's to cut down on the resources your company has to expend on the administrative aspects of 360 so that those resources can be redirected towards such value-adding activities as feedback and development planning, whether with a coach or supervisor. Online modules help optimize face-to-face discussions.

**Cost.** Internet applications are designed to handle volume, and much of the administrative labor is automated. Consequently, the price per participant is usually considerably less than with traditional methods, and administrative work is reduced substantially.

One distinction between Internet and intranet solutions is that intranet applications require the installation of software programs. Your organization pays for the software and each upgrade—a substantial investment. With an Internet system, there's nothing to install. Standard Internet browsers get you to the Website. Some service providers have a “pay as you go” cost structure: You pay on a per-participant basis whenever the service is used. The cost of startup is low; when

the service provider upgrades the system, the new features are available to all users immediately.

## Look before you leap

Before you try to use an Internet-based 360 system, you should evaluate your organization's readiness. Here are several factors to consider.

**Prior 360-feedback experience.** If employees are accustomed to a traditional 360-feedback process, the transition to Internet-based 360 should be welcome—for two reasons. One, users will find that an Internet application alleviates such administrative burdens as rater nomination, survey administration, and reporting. Two, the Internet is a secure, confidential medium; that could be especially attractive to raters who might have felt exposed in prior 360 approaches when the data was collected and stored in-house.

**Accessibility.** Access to the Internet is a key factor in technology-based 360. So when employees don't have direct Internet access through their PCs, the benefits of an Internet solution can dissipate. One solution is to provide computer kiosks that nonconnected employees can use. Another option is to use multiple media—for example, the Internet for connected employees and paper forms for those who aren't. That can, however, increase the cost and logistical complexity. And it may raise the question whether different technologies produce different ratings.

**Familiarity.** Though completing a questionnaire using the Internet may not sound particularly challenging, it can be daunting for new Internet or intranet users. Even experienced users can become frustrated if the process isn't clear, easy to navigate, and tolerant of mistakes and lost connections. If your organization already uses the Internet for other applications, such as benefits enrollment or job postings, it's an ideal candidate because employees are likely to be comfortable online—making the addition of 360 feedback a minor step.

**A technology-supportive culture.** Companies that embrace technology in general are quicker to welcome an Internet 360 process. In those that view technology as a way to achieve competitive advantage, there's an expectation that all work processes should apply the latest technology: Enter 360. Companies at the other end of the continuum are technology-averse or

## Traditional 360 Feedback

If you work with a large organization, most of the employees probably know what 360 feedback is from their experience either as a participant or a rater. Such programs share these characteristics:

□ **Multiple people rate you.** You and your supervisor, peers, direct reports, and others (including customers) complete surveys that assess your behavior on the job. Usually, everyone's but the supervisor's and your own ratings are collected anonymously.

□ **You get feedback.** You receive a feedback report detailing the results of the assessment. You look for high points, low points, and gaps between your own and others' perception of your behavior. You can do that with the assistance of a professional feedback consultant.

□ **You plan your development.** Either the feedback consultant or your supervisor works with you to identify ways you can change your behavior to become more effective.

It's increasingly common for a company to use employees' feedback results to make such decisions as pay increase and promotions. Originally, 360 feedback was meant to be a development tool only, but it's being more widely used for appraisal because it tends to be more accurate than traditional, top-down appraisal. Often, a boss sees only one side of an employee's performance, usually the side the employee wants the boss to see. A supervisor might not be aware of many other aspects of an employee's performance or might show favoritism towards some employees because of factors unrelated to job performance. Also, many bosses have trouble giving honest performance appraisals if they're negative. So in many organizations, everyone gets good reviews regardless of actual performance.

Another problem with traditional 360 feedback is that the participants pick the raters. People can stack the deck with cronies or even complete all of the forms themselves. Also problematic is that raters sometimes check the wrong box indicating their relationship to the feedback recipient. That's why participants sometimes

receive ratings from two "bosses."

Some traditional 360-feedback programs provide training for the raters to help them avoid such common rating errors as the halo effect, in which one very positive characteristic unduly influences the ratings on all behaviors—for example, rating someone as a good decision maker because he is an effective speaker. Another purpose of training raters is to calibrate them so that they understand clearly what they're supposed to be rating and so that they use a similar metric in making their ratings. Because training a lot of raters can drain resources, many companies skip that important step.

After raters complete their assessments, they typically mail the forms to a central service bureau for scoring. Feedback recipients receive reports mailed directly to them, a feedback specialist, or their supervisors, depending on company policy. Then, their supervisors schedule a session to review the results. As you can imagine (and perhaps have experienced), that can take weeks or even months. The process can be especially drawn out when the response rate is low and raters have to be cajoled into completing the assessments.

One reason some raters are late returning their forms is that they've been overloaded with requests from many participants. Supervisors can be especially overloaded. When 360 feedback is used for appraisal purposes, supervisors are generally required to rate each member of their staffs. Sometimes, a rater may make a heroic attempt to complete a lot of forms but succumbs to "rater fatigue." Unable to concentrate on the task at hand, the rater produces inaccurate and unreliable ratings, or may not return the form at all.

Although psychologists debate the meaning of reliability in 360-feedback applications, for all practical purposes it means accuracy. A participant wants raters to rate her accurately so that she can identify strengths and areas for improvement, and initiate appropriate development actions. If the 360 feedback is used for appraisal purposes, participants' companies want them to be rated accurately so

that employee decisions will be based on valid information and be seen as fair.

Typically, traditional 360 does little to hold raters accountable for the accuracy of their ratings. That raises concerns about whether raters take their task seriously. Most approaches for holding raters accountable entail removing their anonymity—for example, giving face-to-face feedback in a group meeting. With their cover blown, they're likely to be less candid. The dilemma is that not holding raters accountable may make them take their task less seriously; holding them accountable may cause them to be too lenient in their ratings.

The aim of most 360-feedback programs is to get people to change their behavior on the job. In effect, a company is betting that participants will use their feedback to figure out how to become better-performing employees.

Participants receive feedback training more often than raters do. The training for participants emphasizes how to accept and act constructively on feedback. Sometimes, the feedback can come as a shock and be difficult to deal with. That's especially true if someone thinks of a characteristic or behavior as a strength and learns that others see it as a development need.

We've found that most people don't prepare a development plan after receiving feedback. Those that do typically focus on completing activities. For example, if the primary development need is to manage one's time more effectively, the development plan might be to attend a time-management seminar. Behaviorally oriented plans and accountability for acting on feedback are more likely to produce behavior changes. That usually involves sharing development plans with one's boss.

All of that is time-consuming and costly, especially the training in development planning. Though those are excellent investments, there is a more efficient way to conduct 360—through technology.

have senior management teams that resist change. An ideal situation is when a company has used other technologies that have been less efficacious than the Internet so they are aware of the benefits of putting processes online. Technical sophistication. Technical savvy can be a double-edged sword. Security issues arise as organizations and their employees become more educated and aware of the pros and cons of different technologies. The designers of 360-feedback systems must ensure full security and confidentiality for users, and they should communicate the system's features that protect it from unauthorized access. We know of one organization that hired an outside security firm to try to gain unauthorized access to its 360-feedback system. The security firm reported to employees that the data was secure. But most companies don't need to take such dramatic measures.

Adequate IT resources. The amount of internal IT assistance will vary from project to project. The good news about using the Internet, compared with some internally installed software, is that the Internet provider bears most of the burden for implementation. IT support will probably be most crucial during the early phases of a project when the system is being accessed for the first time. For example, employees with old versions of standard browsers may need to upgrade them.

One critical need is an accurate list of email addresses for all feedback recipients and for as many potential raters as possible. It's not unusual for 10 percent of a company's employee email addresses to be incorrect. The IT group should work with the service provider on firewall issues and security interfaces.

Geography. One compelling benefit of an Internet solution is transnational data access that's cost-effective and instanta-

neous. Companies with global sites will see a substantial advantage to an Internet application.

HRIS database. An advantage already discussed is that participants can easily and accurately select their raters, and the system can identify raters who have been selected too frequently. Depending on the way the administrator implements a 360 program, it may be necessary to access the HRIS database to identify participants; their demographics (such as department, location, and so forth); and, ideally, the reporting relationships (such as supervisor, staff, or peer). Having a reliable, up-to-date HRIS database is invaluable.

Not every company is ready to embrace an Internet 360-feedback application. Don't plunge into the high-tech waters without first investigating your company's readiness carefully. On the

other hand, your competitors may already be making the move. There's evidence that companies that embrace such progressive HR practices as using 360 feedback for administrative purposes are more successful in terms of productivity, profitability, and market value than those that don't. □

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## A Readiness Worksheet

Factor	Low	Medium	High
Prior 360 Experience	No prior 360 experience	1-2 administrations and/or only for part of the company	2 or more administrations involving the entire company
Commitment to Ongoing Use	No plans beyond current administration	Plans for at least one more cycle	Integrated into HR systems requiring its ongoing use
Accessibility	Little or no access to Internet from inside the company	About 50% of employees have some access to Internet	More than 80% of employees can access Internet
Familiarity	Employees have little reason to use Internet	Company allows and encourages use of Internet	Many systems require employees to access Internet
Culture Supports Technology	Significant resistance to using technology	Some new technologies recently introduced	Technology advances seen as competitive advantage
Organizational Demand	No demand for the service	Able to recruit a group for pilot program	High demand for the service from the entire organization
Technical Sophistication	Perception that someone could hack into data	Perception that Internet is reasonably secure	Perception that Internet is more secure than other media
Adequate IT Resources	No commitment from IT	IT availability on as-needed basis	Full-time, dedicated IT resources
Geography	Single location	Multiple US locations	Multiple worldwide locations
HRIS Data	No HRIS database	HRIS database is often unreliable	HRIS database is comprehensive, well-maintained