



THE 11 COMPONENTS OF A BEST-IN-CLASS 360-DEGREE ASSESSMENT

by Joe Folkman and Jack Zenger

360-degree assessments are the backbone of most corporations' leadership development programs. More than 85% of Fortune 500 companies use multi-rater feedback as a central part of their overall leadership development processes. They are popular because they provide leaders with empirical data revealing how others perceive their strengths and weaknesses. This candid information is extremely helpful because, as our research shows, we are ½ as accurate at identifying our own strengths and areas which need improvement, as others are in our work group.

While many organizations technically have the capability to construct a 360 process internally, more than 95% of those conducting 360 assessments use an external organization to supply this service. There are undoubtedly many reasons for this outsourcing. Among them is the superior confidentiality and anonymity the external organization provides and the added confidence this gives to all respondents that their replies are safeguarded. Another valuable feature the external supplier is often able to provide is normative percentile scoring comparisons, which allows the organization to compare itself to other companies in their industry. Because the external organization specializes in measurement, they bring a higher level of sophistication and flexibility to the instruments they design.

There are many vendors that can supply organizations with 360-degree assessments, but not all are in the same class as far as quality, the effectiveness of the implementation process and the added services that they offer. With such a wide variety of instruments available, is it important to discern what qualifies as an effective 360 assessment. The

following eleven points are derived from Zenger Folkman's extensive research on the important components of a best-in-class 360.

Following are the elements that we believe to be the most important:

1. EMPIRICALLY DERIVED COMPETENCIES AND ITEMS

As 360-degree assessments began to grow in popularity, many organizations became interested in customizing assessments to match their own competency models. Assessment items were based on what people thought were important behaviors, not on data that determined which competencies truly differentiated high performers from low performers. This fallacy has a significant impact on the results of the assessment because what is assumed to differentiate the best leaders from poor leaders may not actually be a differentiator at all. Take, for example, the behavior of being on time to meetings. One might naturally assume that leaders who are always on time to meetings would be perceived as much more effective than those who are not on time. In fact, there is no difference between the best and the worst leaders when it comes to being on time.

Many 360s created today consist of "wise individuals" writing items they think are differentiators, but which have not been empirically tested. At Zenger Folkman, we gathered statistical data on over 2,000 items from 200,000 evaluations of 20,000 leaders. It was then possible to determine, based on research not assumptions, what differentiated the best from the worst performers.

The result was 16 empirically-derived “differentiating” competencies.

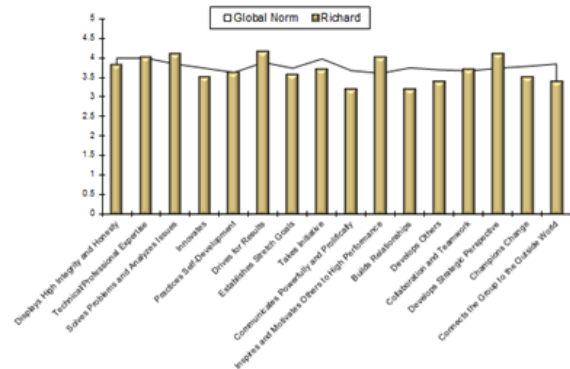
2. A RESPONSE SCALE THAT AVOIDS A FALSE POSITIVE

A problem with many 360s is the false positives feedback participants receive. This happens when a question such as, “Does this individual listen carefully and attentively?” is asked and the response scale invites the individual to mark “Strongly Agree, Agree, Neutral, Disagree, or Strongly Disagree.” If the individual felt like this person was just as “OK” at listening carefully, they might “agree,” which would result in a score of “4”. Participants receiving the feedback would probably be very pleased about receiving 4 out of 5 on this item and the impression they might have is that they are fairly effective at listening. In reality, this is a false positive, because the participant perceives they are doing well on that competency and that there is no need for development, when that is not really the case.

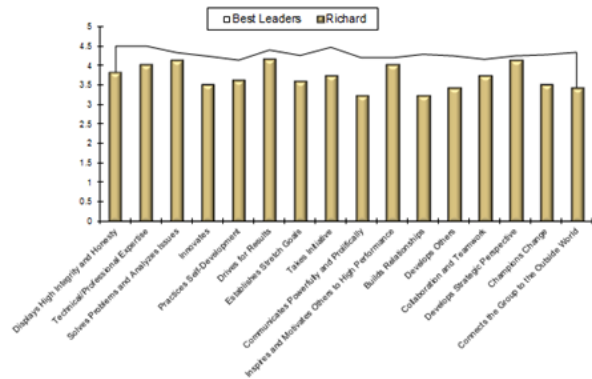
When creating their 360 instrument, the psychometricians at Zenger Folkman recognized the resulting false positives on the standard “Agree/Disagree” scale. In order to fix this problem they set out to create a new and more accurate response scale. The new scale provides the following scoring options: “Outstanding Strength, Strength, Competent, Needs Some Improvement, or Needs Significant Improvement.” If the person is just “OK,” they usually receive a “3,” meaning they are competent. This helps the participant more efficiently select which competencies they should work on. When comparing the “Agree/Disagree” scale and the “Strength” scale, the average rating of participants’ competency effectiveness went down .75. In other words, the “Strength” scale helped eliminate the false positive score to generate more accurate feedback scores.

3. COMPARE SCORES TO A HIGH STANDARD

The graph below displays the 360-degree feedback of an individual named Richard. The horizontal line is the average score of all leaders who have taken the assessment. Richard could interpret his data and conclude that he is a little below average in a few areas, but at or above average in most areas, so he is doing fine.



However, if Richard were to look at his feedback in comparison to the 90th percentile norm, he would see a very different picture.



Leaders who perform at or above the 90th percentile make an enormous difference in the performance of an organization. Comparing participants’ results to the 90th or 75th percentiles gives them a totally different perspective. If participants find they do not have one competency at the 90th or 75th percentile, it can be discouraging. However, this helps employees realize that the expectations of the organization are not for them to be *average*—but rather, to be *extraordinary*. They learn that the organization needs them to be great leaders and that they have much room for improvement. Zenger Folkman assessments can also create a company specific or industry norm at the 90th and 75th percentiles, enabling participants to see how they compare to their own company’s or their industry’s leaders—all of which becomes helpful information when crafting an individual development plan.

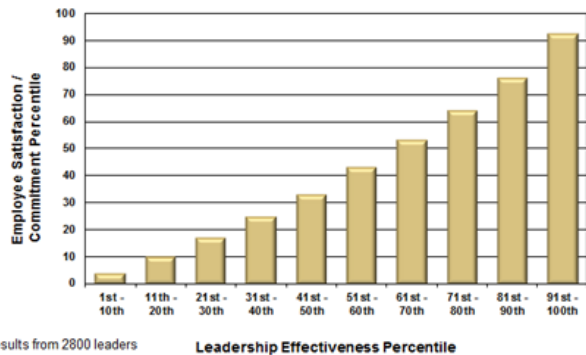
4. MEASURE A LEADER'S CURRENT IMPACT ON DIRECT REPORTS

There are two different classifications of surveys that most organizations utilize:

- A 360-degree assessment which measures the effectiveness of a leader, or
- An employee engagement or satisfaction survey which measures how satisfied the employees are with the organization.

These two types of assessments are very distinct, and for most organizations, they are rarely used together. We have found however, in our research, a very strong correlation between the effectiveness of a leader and in the level of satisfaction and engagement of employees. Zenger Folkman's 360-degree leadership assessment includes five questions that measure the level of engagement and satisfaction the responder feels toward the organization. These questions measure an employee's confidence that goals will be met, their commitment to go the extra mile, willingness to recommend the organization, intention to quit and overall satisfaction.

After running this study hundreds of times in various organizations, the results show the correlation between leadership effectiveness and employee commitment, as seen in the following graph.



This vital correlation shows the leader the impact that their current leadership behavior has on the level of commitment from their direct reports. They not only see how effective they are on different skills, but also the impact their effectiveness has on their direct reports. Obviously there are a number of factors that influence employee commitment, including working conditions, compensation, benefits, and the culture of the organization. But, our research has shown that the single biggest influence on the level of employee commitment is the behavior of the leader.

5. IDENTIFY THE MOST IMPORTANT COMPETENCIES

Not all competencies are of equal importance to every leader. Depending on the person's role, some competencies have less relevance while others have more. The best 360-degree instruments provide a way of identifying which competencies are of the highest importance. One way to do this is to ask all respondents to identify the 4 competencies they think are most important for the leader to do well in order to be successful in his/her current role. The individual participant can see which ones the manager, peers, and direct reports have chosen. Identifying the four top competencies gives the individual added insight into the competencies at which they need to excel. Because you can't be the best at *everything*, this feature helps leaders to prioritize their most important competencies.

6. EMPHASIZE BUILDING ON STRENGTHS

Many individuals have negative feelings about 360-degree assessments stemming from a past experience where the focus was on weaknesses. Of course, the assessment should help people identify a fatal flaw—most often a competency at the 10th percentile or below—which they need to fix. But what if an individual has no fatal flaws? 360-degree assessments should be created to focus strongly on the positive dimensions and help people identify their greatest skills. Zenger Folkman's research shows that what differentiated extraordinary leaders was that they possessed a few profound strengths. It was the presence of strengths, not the absence of weaknesses that made them great. An effective 360-degree assessment should help leaders discover their strengths. Emphasizing strengths in the 360 feedback process changes how people feel about receiving feedback. It transforms a potentially negative experience into a positive one of discovery.

7. FOCUS WRITTEN COMMENTS ON FIXING FATAL FLAWS, NOT MINOR IMPROVEMENTS

The written comments sections can be very helpful in a 360-degree assessment if they provide some clear guidance. The questions should encourage comments that lead to specific feedback. For example, Zenger Folkman's 360-degree assessment asks respondents, "Is there anything this person does that might be considered a significant weakness or fatal flaw," instead of asking if a person could improve in any area. While this question may be a little bold, straight-forward feedback on that topic makes an incredible difference. The 360-degree assessment participant is no longer guessing. This helps people be

more specific in their comments. When written comments ask, “Is there anything this person could do to improve?” There is a tendency for respondents to give a long developmental list of suggestions about things that *could* be improved. However, concentrating written comments on fatal flaws helps participants focus on the most pressing issues.

8. DATA SECURITY

Given the confidential nature of 360-degree feedback, clients demand assurance that the data is carefully guarded, and has strong encryption and secure firewalls. Therefore, many organizations turn to an external supplier rather than do it internally because it is usually much more secure. The survey will be more successful if the individuals taking it are certain the confidentiality of their feedback will be securely guarded.

9. MAKE IT AN EFFICIENT PROCESS

When an organization embarks on a 360-degree assessment process and makes the assessment available to all of its managers, a member of senior management could end up supplying feedback for 8 or 10 or 12 people. Surveys that take 30 to 45 minutes to complete become a real burden. Zenger Folkman has worked hard to measure the 16 differentiating competencies sufficiently, but has kept the survey to 54 items. The typical respondent takes about 15 to 20 minutes to complete the assessment—depending on how much time they spend on written comments.

The real cost of a 360-degree assessment isn't the price of the assessment; it is the time it takes employees and managers to complete it. When you have a 15-20 minute, educated process, people don't mind completing it, but assessments that are 30 to 60 minutes have a much lower completion rate. It is especially important given that more respondents make for more valid and reliable data. Therefore, the assessment process should be efficient enough that an organization can feel good about encouraging every manager to ask all of his or her direct reports and several of their peers to participate.

10. MAKE REPORTS SIMPLE AND INTUITIVE

When people receive their reports, they are often by themselves. They're in their office or at home and it needs to be easy to interpret. People should not be

scratching their heads as they try to decipher what their 360-degree feedback report is trying to tell them. Make the report easy to understand.

11. PROVIDE INSIGHTS ON HOW TO BUILD STRENGTHS

One of the most critical aspects of the 360-degree assessment is providing insights on how a participant can build their strengths. The 360 should not focus simply on identifying weaknesses, but on how individuals can build upon their strengths. Building strengths may seem easy, but actually can be quite complex. When trying to reach our desired future performance, most people intuitively undertake a linear approach. For example, if a leader chose to improve their technical expertise, he or she may plan to read more books, take more courses, or get a coach. Now, if technical expertise was the leader's weakness, these things are helpful. But if technical expertise was the leader's strength, he or she probably has already done those things. Zenger Folkman found that strengths are built by developing “companion behaviors”.



Displayed above are the companion behaviors for technical expertise. As a leader develops other behaviors related to their strengths, they create powerful combinations which cause the strengths to increase. Zenger Folkman refers to this as non-linear development. Zenger Folkman provides every manager with a complete guide on how to build a strength using non-linear companion behaviors. This is the key to taking 360-degree feedback and making it work.

In summary, there are many instruments available with apparent similarities, but there are some strong and important differences. Participants who engage in 360-degree assessments that lack these 11 elements often have a negative experience. We have found that people who have had bad experiences with 360-degree assessments fall into distinct categories. The first category contains those who focused only on fixing weaknesses. Second, are those who were in organizations where the expectations were not clear. It is important for organizations to make clear that the assessment is only for developmental purposes not for performance evaluation. However, sometimes organizations violate that principle and the 360-degree assessment process falls

into disrepute. Third, are those people who complete the process only to let their results collect dust on the shelf. If an organization doesn't see the importance in helping people to build a solid development plan from their 360-degree feedback, the process will not be worth the time and money spent. Finally, many people are skeptical about the 360-degree assessment living up to its potential or being utilized well. If a 360-degree assessment process includes the 11 integral elements, the tool is much more likely to be utilized with positive results—both personally and professionally. This is a critical tool for leaders because they need feedback and focus. Done properly, people want this information, use it, and it becomes one of the premiere tools for development.

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We specialize in leadership and performance development that directly drives an organization's profitability. Founded on pioneering, empirical research using 360-degree assessments and other surveys, we've built one of the world's largest collections of leadership research data – hundreds of thousands of feedback surveys on tens of thousands of managers.

Using powerful techniques that focus on building strengths using implementation tools and personalized coaching, our approach lifts the performance of leaders, coaches and individual contributors in the differentiating competencies shared by those who are among the world's most successful people. Our proven, practical methods create a clear picture of how leadership drives profit and the ways to put it to work within organizations.

If you are interested in discussing how your organization can increase profit through extraordinary leadership, please contact Zenger Folkman. We welcome the opportunity to talk with you about how your organization can develop extraordinary leaders who have the competencies to maximize profits for your organization!

John H. "Jack" Zenger, D.B.A., was inducted into the Human Resources Development Hall of Fame in 1994 and received the Thought Leader Award from his industry colleagues in 2005. He is the author or co-author of seven books on leadership and teams, and is considered one of the most authoritative voices on improving organizational performance and developing leadership.

Joe Folkman, Ph.D., is a frequent keynote speaker and conference presenter, a consultant to some of the world's most successful organizations, and the author or co-author of six books. His research has been published in The Wall Street Journal's National Business Employment Weekly, Training and Development, and Executive Excellence.

CONTACT US **phone** 801.705.9375 **email** info@zengerfolkman.com **internet** www.zengerfolkman.com