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SUPPORTING TEAMS WITH MULTI-RATER PERFORMANCE REVIEWS

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Much is written about performance appraisal and performance review, and most of it seems to emphasize the process of designing a form for reviewing performance or "how to get the most out of supervisor/employee performance discussions." Although important, the traditional performance review that receives the most attention in the literature is most often only a one- or two-dimensional process. In the case of a one-dimensional review, a supervisor reviews an employee's performance and tells the employee how he or she did. While some supervisor/employee dialogue may occur, it is incidental to the review process. In a two-dimensional review, both the supervisor and employee review the employee's performance, discuss the results of the two evaluations, consider each other's input to the discussion, and plan the performance emphasis for the future. Final accountability for the review rests with the supervisor.

MATCHING PERFORMANCE REVIEWS TO EMPOWERED TEAMS

The 1990s is the time for a transition to high levels of employee involvement.¹ The most likely powerful result of higher levels of employee involvement is the formation of teams with the goal of overall organizational performance improvement.² One of the most important transitions suggested by team formation is the evaluation of individual employee contributions to team success by members of the team.³ This means a transition from one- or two-dimensional performance review to the review of each individual team member's performance by other team members.

Multi-rater, or 360-degree, review gathers performance information from multiple sources having knowledge of the employee's performance. Sources may include peers, subordinates, supervisors, customers, suppliers, and people in other functional areas, and the number of inputs may vary situationally. Exhibit 1 shows the possible performance review situation, depending on involvement and accountability for performance review.

Exhibit 1

THE A TO G OF 360-DEGREE

Alternatives exist concerning involvement in performance review. At A, little or no participation beyond the supervisor and employee is involved. In contrast, in G there are very high involvement and multiple performance inputs, as well as a transition to team accountability for performance review results. This is useful as a tool to evaluate readiness for change.

Level	Involvement in Performance Review
A	Supervisor evaluates performance and informs employee of results.
B	Supervisor evaluates performance and listens to employee comments.
C	Supervisor and employee evaluate performance; supervisor makes final performance decision.
D	Supervisor, employee, and others selected by supervisor evaluate performance. Supervisor receives inputs from other sources, interprets and integrates results, and makes performance decision.
E	Multiple sources are identified by supervisor/leader and employee. Sources, supervisor/leader, and employee evaluate performance. Both employee and supervisor/leader receive inputs from other sources and integrate results. Supervisor/leader makes performance decision.
F	Team and employee identify performance review sources and gather inputs. Team and leader communicate with employee. Leader is accountable for performance review.
G	Team and employee identify performance review sources and gather inputs. Team communicates with employee. Team is accountable for performance review; leader consults with team as needed.

PAYING FOR RESULTS

"The new pay" concept has as a foundation an emphasis on paying for team or group results.⁴ This often perplexes cultures where only individual performance has been valued in the past. Teams sharing rewards among members for shared outcomes often represents a major change. Most often the organization moves to team rewards in the initial year and experiences success. In the second year, the organization has learned more about teams and team rewards and does a better job of measuring and rewarding team outcomes. Eventually, teams may want to recognize individual contributions to their success and feel prepared to have team members make these judgments. At this point, multi-rater systems become essential as the only viable and credible way to evaluate individual performance in a team setting.

Moving to teams and team rewards implies that if individual performance is to be recognized, or if individuals are to be the focus of performance improvement efforts, a method for evaluating individual performance is critical. The only way this can be accomplished without eroding the team as a central concept is through multi-rater performance review.

WHAT ARE THE EXPECTED BENEFITS?

The primary objective of multi-rater performance review is to escape the one-dimensional nature of the performance review process by communicating the collaborative values of the organization and encouraging employees to go beyond satisfying the performance expectations of only their immediate supervisor. The goal is to expand employee line of sight so they understand that they have many external and internal customers to satisfy. Also, the objective is to educate employees about the fact that

information inputs may vary with the experience of each source. Additionally, employees are oriented toward recognizing multiple customers and becoming a customer of the performance review of others.

The advantages of multi-rater performance review are often defined as follows:

- *It provides multiple performance inputs.* Gathering a number of perspectives on employee performance takes advantage of growth opportunities by getting constructive input from a wide range of sources that may interface with the employee under different and changing circumstances. Multiple inputs provide a wider and deeper understanding of how the employee is doing and involve many sources in measuring results achieved.
- *It reinforces team formation.* Multiple performance inputs focus employees on helping others succeed who share goals, customers, or problems typical of teams. Employees who receive input from others are likely to provide support to those close enough to contribute to substance and meaning of performance review.
- *It expands learning opportunities.* A learning organization provides room for employee growth and requires multiple inputs to communicate directions to employees in an accurate fashion. During times of shrinking promotional opportunity, emphasis on skill and knowledge acquisition and demonstration permits an employee to become more flexible, multi-skilled, and able to collaborate more effectively. Multiple performance inputs provide a breadth of information about how employees are doing and about opportunities for growth. Learning is most often multidimensional and thus requires multi-rater performance reviews.
- *It helps employees accept change.* During times employees are asked to expand their line of sight to include important contacts beyond their relationship with their supervisor, receiving feedback from a wider range of reviewers may lead to increased employee flexibility. Change to a collaborative model requires involvement of many sources of input to performance review.
- *It links performance to customer-focused initiatives.* Organizations are undertaking customer-focused initiatives including customer value and retention, cost reduction, quality, speed, and reengineering. These initiatives strive for team formation and outcomes. Multirater performance review is a way to associate performance with these initiatives. Because the team and customer are central to most initiatives, multiple performance inputs from customers and team members are critical to success.

There are likely additional reasons for a multirater performance review. However, multiple inputs fit better in an organizational climate of teams and collaboration. These advantages are not available in one- or two-dimensional performance review processes.

CHALLENGES OF MULTI-RATER REVIEW

Few organizations are known for doing a good job at one- or two-dimensional performance reviews, despite many years of trying to improve their review processes. Multi-rater performance reviews add complexity and challenges to an already strained but critical leadership responsibility. Some areas of concern include:

- *Accurate measurement and feedback*—Often the goal of performance review is employee growth and improvement. This multi-rater transition relies on objective feedback that could be confused by multiple inputs. Confusion could diminish the value of multiple inputs, so care and attention are required.

- *Reviewer readiness*—Providing usable performance input requires maturity and training. Unprepared reviewers may turn the intended positive value of multi-rater performance review into a negative experience that will do the opposite of encouraging collaboration and growth.
- *Employee readiness*—Acceptance of performance inputs from multiple sources requires readiness on the part of employees. They must be prepared to receive information about their performance from people other than their supervisor. Employees also need to be readied to play a role in giving performance input. Most employees have never evaluated the performance of others, and doing this in a caring, constructive, and team-supportive manner requires training and practice.
- *Organizational readiness*—Organizations that are unaccustomed to performance reviews that provide honest, constructive feedback to employees may find it difficult to accept a performance review from multiple reviewers. Understanding the implications of performance review is critical to its acceptance and effectiveness.
- *Need for feedback integration*—The results of multiple performance inputs must be compiled into a coherent message to the employee. This requires the skill to combine and interpret the inputs of others into an accurate and constructive message.
- *Feedback consistency*—Growth and improvement require perseverance and a continuing message. Consistent input from multiple reviewers can be a challenge because each reviewer may have a different perspective on the employee's performance. Because of this, reviewers must have enough opportunity to experience changes in employee behavior and outcomes.
- *Patience and effort*—Multi-rater performance review changes the relationship between supervisors and employees. If supervisors are not now doing a good performance review job, adding multi-rater performance review represents a new opportunity for them to improve, but it requires sustained effort and considerable patience.

The move to performance reviews based on multiple inputs is time-consuming and difficult. Making the move requires a time commitment and championing throughout the organization.

TRANSITION STEPS

Once an organization decides that multirater performance reviews are potentially valuable, the hard, "how to do it" phase begins. Although the steps and approach may change based on individual circumstances, a number of things need to be done:

1. *Diagnose existing performance review.* The two-dimensional performance review process is an initial collaborative step. Although perhaps not the best performance review solution, it does require two-way communication and setting of performance measures and standards, and it provides a performance-improvement and growth opportunity for the employee and the supervisor. Two elements of the multirater process are supervisors and employees, and collaborative effectiveness should start there. Finding out what is right and wrong with the existing system is the foundation of the transition to a multi-rater performance review.

2. *Define performance elements.* Multi-rater performance review is best designed to gather information in specific areas of performance of interest to the organization. This can begin by improving the measures and evaluation of outcomes and behaviors for use in existing performance review approaches. The more specific and objective the performance categories, the better the review. Performance input must be channeled to routes of value to the organization.

3. *Prepare integrators and reviewers.* Integrators coordinate and gather inputs from multiple reviewers, determine with employee input who the reviewers are, and prepare feedback for employees. Integrators meet with the employee to deliver and discuss the performance review in conference and are accountable for managing the continuing liaison between employees and the organization. This is often a new skill and requires training.

Employees, customers, and suppliers who are to provide feedback must be prepared to do so. For customers and suppliers, an instrument must be designed that objectively gathers performance inputs. Employees must be trained to provide caring, helpful performance inputs that can be used to develop an employee's performance.

4. *Add performance degrees incrementally.* Multi-rater performance review is not accomplished by "designing a form and having employees and supervisors fill it out." As the capability to conduct multi-rater reviews grows, more and more inputs can be added. However, during the first performance period, performance inputs should be limited. Perhaps the process should parallel training in performance review and include only peers in a specific work area. Perhaps the initial review should focus only on outcomes rather than behaviors, so that feedback is more objective. As competency, trust, and reliability improve, more inputs can be obtained and used. Exhibit 1 illustrates some possible transition steps.

5. *Seek improvement.* Multi-rater performance review is a learning experience for all participants. Supervisors learn to gather and use performance inputs from others who depend on their employees for results; employees learn to take feedback from a wide range of internal and external sources; raters learn to give constructive feedback on outcomes and behaviors; and all parties learn a new definition of collaboration and interdependency.

The process of performance review is vastly more important than the actual performance review forms used. Multi-rater performance reviews introduce massive change to organizations and have important implications. Moving to multi-rater performance review is a step worth considering but not a step to be taken lightly.

SHOULD YOU MOVE TO MULTI-RATER PERFORMANCE REVIEW?

Effective performance review is a challenge to every organization. Few are satisfied with existing performance review solutions, and most solutions do not fit well with the transition to high employee involvement and team emphasis. Most say they do not now have a way to communicate effectively with employees about performance, results, behavior, and skill growth.

Multi-rater performance review offers a wide range of communication opportunities, which provide multiple chances for positive assistance, but also for improper and destructive messages. Systematic change at every level of the organization is key to multi-rater feedback and implies delegating leadership lower in the organization. This means taking away from supervisors their responsibility for primary performance review. To retain supervisory support for multi-rater performance review, supervisory jobs must have duties added to replace the performance review accountability that is delegated to multiple sources of performance review—e.g., facilitation of the performance review process, or a focus on more strategic issues as day-to-day operational issues are handled more by teams.

Employees and all reviewers need considerable practice to do performance review well. Organizations must look at patterns of performance over time, and this is difficult to do. Organizations must not put leadership at risk because many current people rose to successful levels using techniques other than multi-rater performance review. Furthermore, organizations cannot revert to their old ways if there is a performance crisis. Under stress, organizations may want to return to traditional performance review because transition and learning errors may make it difficult to stay with multi-rater performance review.

The multi-rater performance review is an important tool that is central to organizational renewal and change. The goal is multiple quality inputs, not just many inputs of questionable quality, covering performance reviews. However, moving to this approach takes time and effort and requires championing; the organization must be strongly committed to moving to a revised approach to measuring performance and providing valuable feedback.

1. EE Lawler, III, *The Ultimate Advantage: Creating the High-Involvement Organization* (San Francisco: Jossey-Bass, 1992).
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