

LEGAL MANAGEMENT

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HR Feature

HUMAN RESOURCES MANAGEMENT

A 360° View

These assessment tools can benefit your employees — and your bottom line

When done with thought and meaning, performance evaluations can help keep employees engaged and productive — and keep employees and employer on the same page.



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Understanding the competencies that underlie high performance, knowing where there are areas of opportunity in your workforce as a whole, and identifying the individual areas for improvement of each employee are important for developmental purposes.

One method that can have a positive impact is multi-rater assessments, commonly referred to as “360 degree” assessments. Below we’ll outline how to take the critical behaviors gathered from a competency model and turn them into a 360 behavioral assessment, link the 360 behaviors to critical business outcomes, and prioritize which of those low-scoring areas most impact your company’s bottom line.

360 BEHAVIORAL ASSESSMENTS DEFINED

These types of assessments are essentially used in organizations to gather behavioral assessment ratings from individuals at all levels “around” the person being rated. People being reviewed get the opportunity to gain feedback from their supervisor, peers and direct reports. Additionally, they rate themselves.

“[The] 360 process has helped our leaders focus on the critical competencies and behaviors that drive our outcomes,” says Todd Horton, Director Workforce Intelligence at Dignity Health.

However, a full 360 assessment is not required to provide valuable feedback to participants. A basic 180 behavioral assessment (manager and self-ratings) can be valuable to individual contributors.

For example, this approach can be applied to individual attorneys quite successfully. The goal is to assess the behavioral requirements of a role. Since behavior can be coached directly, as opposed to metric-based performance criteria (such as quota attainment, units produced, customer satisfaction), a behavior-based assessment can be a valuable tool for coaching.

There are advantages to implementing a 360 assessment approach. Specifically, 360 feedback

processes offer accuracy, face validity, insights into individual performance, improvements in communication, and practicality/cost-effectiveness. (See sidebar for more information on these points.)

QUICK HIT 1

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TODD HORTON

Director Workforce
Intelligence,
Dignity Health



USING A COMPETENCY MODEL

A competency model is made up of the critical competencies and underlying behaviors that are important for a role, job type or family. Using the competency model content aligns well with the purpose of a 360 — to gain insight into strengths and weaknesses in the behaviors that drive results.

“It is important to have a well-built leadership competency model so that leaders are assessed consistently and accurately across the organization,” says Jamie B. Welsh, SPHR, Corporate Director, Human Resources at Universal Health Services.

In order to align the competency model behaviors to the needs of a 360, the behaviors within the competency model need to be written in a way that raters can read each behavior as a statement to which they can agree or disagree on a scale.

For example, if the behavior within a competency model is about setting clear performance expectations for direct reports, a statement may be “Provides clear performance expectations to those who report directly to him/her.” A self-rating format should also be used, such as “I provide clear performance expectations to my direct reports.”

The 360 can then be administered, and the focus is on the analytics to connect the 360 ratings to business performance metrics. This will allow for prioritization among the competencies and behaviors for individual and systemic developmental focus.

WHICH COMPETENCIES DRIVE RESULTS?

Predictive analytics can be applied to 360 results by linking competency/behavioral ratings with business outcome data and determining which competencies and behaviors are the strongest drivers of outcomes — billable hours, win/loss rate, profit margins, sales attainment, customer satisfaction, etc.

This linkage allows the organization to make evidence-based decisions to focus future training and development initiatives on those critical competencies/behaviors identified as impacting results. The data analytics can show you which competencies are the most important “levers” to driving important outcomes.

QUICK HIT 2

Instead of building training curriculum in the normal fashion, training professionals should consider using a 360 assessment combined with analytics and performance data.

Predictive analytics, such as structural equation modeling (SEM), provide insight into which aspects of the assessment are most strongly related to desired outcomes and which competencies should be focused on for development. Most competency models have between 8 and 12 competencies, with four to six behaviors for each competency.

So let's assume that the average competency model consists of 50 individual behaviors or items on the 360 assessment. By linking the assessment data to business outcomes, this list of 50 items can typically be narrowed down to several behaviors that actually differentiate high performers. Instead of trying to develop every behavioral aspect of a role, the individual *and* the organization can focus on those critical few behaviors. Knowing these will lead to the greatest return on investment (ROI).

The actual steps to conducting this type of analysis can be quite complex. However, vendors with these skills have become more cost-effective and efficient in providing these services in recent years due to the increase in desire for applying advanced analytics to business needs. Here are the high-level steps.

First, the competency ratings from the 360 should be aggregated to each target. This means all the scores from all the raters for each participant should be averaged so that you have one rating for each behavior (we typically do not include the self-ratings in this mean score).

Then, competency scores are calculated that average the behavior scores. This is just like how you create category scores on an employee survey by averaging the individual items. Once you have one score for each behavior for every participant, you will need to match the 360 data to the business outcome data. For example, if your participants are sales leaders, you would create a file with each participant in a row, each 360 behavior and competency as a column header, and the outcome data in the cells. (See below call out for an example.)

Using a sales example, outcomes such as quota attainment, total sales revenue, and average deal size could be matched to their 360 ratings:

360 Participant	Behavior 1	Behavior 2	Competency 1	Sales Quota	Revenue	Average Deal
Joe	3.47	4.01	3.98	84.5%	\$121,132	\$10,254
Sue	4.12	3.59	4.02	92.4%	\$215,654	\$15,651

Once the critical business outcomes are determined and matched up to the 360 data, you are ready for analysis. At this point, the SEMs or multiple regression models can be computed. The output

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Corporate Director,
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Universal Health Services



from these analyses will inform you of the critical competencies and behaviors that are driving the outcomes.

In the above chart, it's sales quota, revenue and deal size. Based on the analysis, development and training initiatives can be focused on those critical few competencies — and even specific behaviors — that will drive improvement in sales metrics.

IDENTIFYING CRITICAL COMPETENCIES AND BEHAVIORS

This same type of analysis can be conducted on certain subgroups of the 360 participants. This helps you investigate critical competencies that may differ by job type or family, leadership level or work context.

In some cases, this can be an important step because different jobs often require a unique skill profile for successful performance. Without examining the competency-outcome relationships separately for different roles, these nuances would be missed, and important information about how to tailor training and development would not exist.

TRAINING NEEDS ASSESSMENT

In the past, conducting a training needs assessment has focused on one of two distinct approaches: 1) asking incumbents and their leaders where they believe training should focus, or 2) building a competency model and create a training strategy/curriculum around those competencies.

The first approach seems logical; participant input is always valuable. Yet, most of the time, job incumbents and even their leaders don't really know what drives performance, or they may have different perspectives.

The second approach does provide a strong foundation for building a curriculum, but can still be too broad in its focus. However, assessing incumbent behaviors and linking those results to business outcomes moves a training needs assessment to a whole other level.

Essentially, a systemic training strategy can be focused, behaviorally based and known to impact results — meaning you can actually show ROI. So, instead of building training curriculum in the normal fashion, training professionals should consider using a 360 assessment combined with analytics and performance data.

This approach will allow HR to answer the question they hate to hear from the CEO: “How much ROI did we get from our training?”

ABOUT THE AUTHOR

Scott Mondore, PhD, is the Managing Partner of Strategic Management Decisions, an HR technology with the only patented survey/assessment tools that link data to business outcomes with customized action planning tools. He is the Co-Author of *Investing in What Matters: Linking Employees to Business Outcomes* and *Business-Focused HR: 11 Processes to Drive Results*. His next book, *Predicting Success*, is due out this fall.

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