



FEATURED ARTICLE

February 2007

Page 1 of 4

MANAGEMENT ASSESSMENT

Background

Management assessment is not new. Over the years it has taken a number of names and been used in a wide range of contexts. As a definition for our business, management assessment is assisting our clients to find out whether they have the right people doing the right jobs. If our assessment identifies a performance gap, the client then has a number of options including:

- Assisting the job holder to improve by developing their skills and competencies,
- Making organisational or job content changes so that the job tasks are a better fit to the competencies that the individual is strong in performing
- Improving performance in the target job by placing a manager in the job, who displays the competencies required for success in the role.

There will be a number of other options that could be identified, but the main point is that a robust management assessment intervention can lead to a range of actions being taken that tangibly improve the performance of the organisation.

Usually, the outcome is either improving a manager's performance in a role (or for a future role) by a planned management development programme, or using the assessment to make judgements on who should be doing

which job. Although the whole process is part of performance management activities, it is always important to differentiate between management assessment undertaken for management development purposes, and management assessment undertaken for performance management activities.

Purposes of performance management

Performance management can be used to:

- Communicate strategy, values and expectations about individual performance
- Build the culture
- Evaluate the current job - for example for salary and bonus purposes
- Evaluate future jobs - for example for promotion decisions
- Management development and feedback
- Increasingly, for legal defence in hiring and promotion decisions
- For the internal validation of hiring and promotion decisions
- Provide equity and fairness.

However, there are a number of common problems in undertaking some forms of performance rating. The major problems are likely to include:

- “Halo” effect
- Stereotyping of individuals

- Over weighting of negative information (or “horns” effect)
- Lack of sufficient observation and behavioural data on which to make a judgement
- Focus on recent rather than historical behaviour
- Leniency and an inability to “front up” to issues
- Central tendency (the tendency to use middle ratings on say 5-point rating scales)
- Bending the assessment to justify salary.

A range of assessment rating formats have been developed over the last few decades aimed at minimising some of these likely problems. The various formats include trait ranking, forced ranking, management by objectives, and more recently, 360° assessments. The focus has moved to the assessment of competency and this interest in competencies is set to continue.

Assessment of competency

This is the measurement of a manager's performance against an agreed set of behavioural standards for work-based activities. Assessment of competency generally is made against behavioural indicators that are displayed, and are associated with the successful achievement of a particular job task or function. There are usually four dimensions to the assessment:

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FEATURED ARTICLE

February 2007

Page 2 of 4

- The knowledge and understanding required to carry out the task
- The performance or behavioural indicators to be looked for
- The scope, or range, of situations across which a manager is expected to perform.

Whatever dimensions are used to assess competency, they all require the careful review of work behaviour against a set of behavioural indicators that have been clearly shown to be associated with successful performance. In general management tasks, these indicators can be reasonably quickly defined in a series of behavioural competencies which are expected in most leadership roles, and which can be weighted or ranked to reflect the particular nuances of the role.

This then is the basis of our management assessment process:

- The development of the general management competencies required to perform in a leadership role
- The measurement of performance against those competencies
- Feedback of the results to the incumbent and management.
- Development planning and actions post assessment.

We use 360° processes for management assessment. This can be completed by face-to-face interview, web-based assessment and reporting, or a combination of both.

360° Management assessment

With the increased business focus on team work, employee development, and customer service, the emphasis on

performance feedback has shifted to the full circle of business contacts the manager has. This multiple input approach to performance feedback is 360° assessment. Research has shown assessment approaches with multiple rating sources provide more accurate, reliable, and credible information. These feedback sources consist of supervisors, peers, subordinates/direct reports, internal customers, external customers,

and oneself (the individual manager). It is not necessary, or always appropriate, to include all of the feedback sources in a particular appraisal programme.

The organisational culture and mission must be considered, and the purpose of feedback will differ with each source. For example, subordinate assessments of a supervisor's performance can provide valuable development guidance about competencies such as empowerment, delegation, inspirational leadership, coaching etc. Peer feedback can be at the heart of excellence in teamwork, problem analysis and interpersonal sensitivity. Customer service feedback assesses customer service orientation, quality, speed of execution etc very effectively. Feedback from this quarter also focuses on the quality of the

Figure 1 - 360° feedback

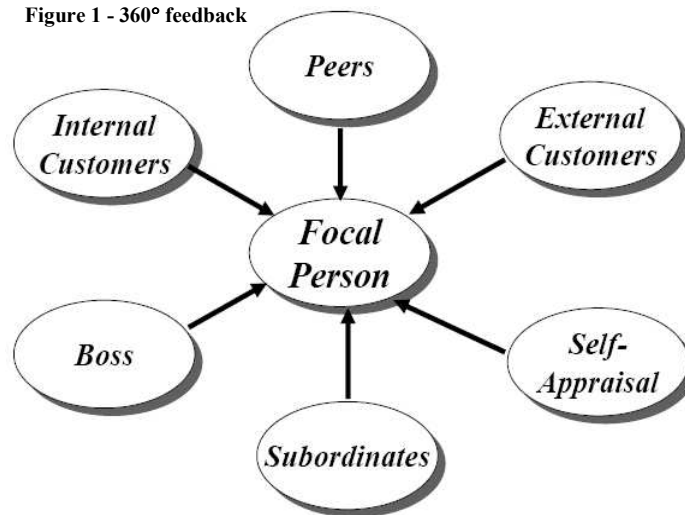


Figure 2: Multinational companies using 360° systems

- | | |
|---------------------|--------------------|
| * Alcoa | * Merck |
| * American Airlines | * Herman Miller |
| * AT&T | * J.P. Morgan |
| * American Express | * Morgan Stanley |
| * Boeing | * Motorola |
| * General Electric | * Procter & Gamble |
| * Glaxo | * Levi Strauss |
| * General Mills | * 3M |
| * Hewlett-Packard | * UPS |
| * Intel | * FedEx |
| * Monsanto | * Compaq |

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FEATURED ARTICLE

February 2007

Page 3 of 4

manager's, team's or functional group's results.

The characteristics of effective 360° appraisal processes include:

- High validity and accuracy
- Better acceptance by the people rated
- Equity promotion
- Legal protection
- Diversity of input
- Useful when spans of control are large
- Better for knowledge based jobs
- More appropriate for team based cultures
- Highly appropriate for empowered cultures.

Common problems

Common problems in 360° assessment are:

- Poorly defined parameters about confidentiality and who "owns" the data
- Lack of privacy and usage safeguards
- Administrative overheads
- Lack of congruence with the culture
- Lack of congruence with other internal systems
- Cronyism in the selection of raters
- Lack of knowledge and training in the processes
- Lack of supervision and follow-up
- Lack of linkage to key success factors
- Swamping in data.

Some issues to think about

Purpose

Is the purpose management development or management assessment? Management development will usually be seen as a constructive and useful activity, while management assessment could well be viewed as threatening or counter-productive, depending on the established culture of the organisation and individuals involved. The purpose will affect the approach, buy-in, process and training aspects.

Selecting Raters

Objectivity is the key, and raters must be selected on their knowledge of the person being appraised and the raters' ability to provide objective input based on behaviours they have seen the individual display. Raters must be briefed, and if necessary trained. In most of our assessments superiors, subordinates, the incumbent, and peers will be the raters. In some cases we may include customers.

It is important to understand that Best Practice indicates there should be a minimum of 2 raters in the following categories: subordinates/direct reports; and, others (e.g. peers, customers, colleagues etc.). Typically, the responses from raters in these categories are combined to give an average rating (to protect confidentiality).

Who Gets the Feedback?

If the requirement is management

development, then obviously the incumbent is the main recipient of feedback. The HR director and perhaps the incumbent's manager should also be involved in the feedback process, and in some cases this may be more general than the feedback the incumbent gets. The incumbent's manager and the HR director will need to be involved in planning the management development activities in any case.

For management assessment, whoever commissioned the assignment receives the feedback - for example, the managing director, the acquiring board etc. For ethical reasons, it is important that those assessed also receive feedback. This is best done in a face-to-face setting, but can also be achieved with a short written report, provided the assessed managers have a chance to comment on the assessment.

Rater Anonymity

The anonymity of individual raters must be protected. Both the raters and the incumbent must understand this. It is usually helpful to feed back specific comments where they are useful, but the comment must not be attributed to, or identified with, a particular rater. Our testing website protects the confidentiality of any particular comments a rater may have.

A Plan of Action

360° assessment is only useful if the outcome is a plan of action which is put into practice. Our involvement must include assisting with the development

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FEATURED ARTICLE

February 2007

Page 4 of 4

of these plans and putting in place time-lines and yardsticks against which success can be measured. This applies to both assessment for management development, and assessment for other decision-making. Our role is to provide guidance and objectivity to the plan.

Making It Legally Defensible

Standards should be based on job analysis. In most of our work these measurement standards will be centred on agreed management competencies. These standards must be communicated to all those involved in the assessment exercise. The dimensions should be defined in behavioural terms and judgements supported by objective and observable evidence.

Raters must be validly selected and properly trained. Where possible more than one rater at each level should be used.

360° is only one part of the process

Most of Fleet & Partners' work in management assessment will be in performance assessment. 360° assessment is only one of a number of inputs needed for a comprehensive assessment of performance. The 360° process can give valuable leads for the necessary face-to-face meetings with raters, the meeting with the incumbent and for any other data source used in the building up of our picture of the assessment. This is the important part: using the 360° process as the basis of our questioning and probing task on the performance of the targeted executives.

Setting up the process

The main steps in setting up a 360° assessment process are:

- Raters selected and briefed – gather the names of the raters, and their relationship to the incumbent, e.g., peer, direct report or manager, and their e-mail addresses. Consider carefully who is chosen as a rater. The purpose of the exercise is the main determinant: whether the objective is performance or development related. In conjunction with the client (and incumbent), choose rater executives who know the target person well, and who will be able to provide an objective evaluation based on behaviours they have observed the target person display.
- Raters complete online questionnaires, or face-to-face interviews are undertaken with each of the raters
- Reports are generated using the website, or written by Fleet & Partners based on the face-to-face interviews
- Feedback sessions are held with the incumbent and client, or incumbent's manager
- Any necessary further information is gathered, usually in face-to-face meetings, and using the 360° assessment information as the start point
- Recommendations are made, action plans are generated and outcomes

monitored.

Perspectives on management competencies

Fleet & Partners have selected the Perspectives on Management Competencies product from SHL as the most appropriate for our use. The questionnaire is based on the detailed assessment of 36 key management competencies. The website automatically generates the questionnaires for each of the raters, sends it to them, and issues reminder e-mails if the raters have not completed their questionnaires. The website has a management screen which allows the administrator a minute to minute picture of progress.

Website reports

The web-generated competency reports are grouped under the following headings: leadership, inter personal skills, analytical ability, business awareness, dynamism, and operational effectiveness. The reports are aimed at managers themselves and encourage ownership of the process, particularly as a management development tool. For management assessments, the web generated reports are used as the basis for developing Fleet & Partners judgements and reporting.

Please contact Fleet & Partners Limited on (09) 3093691 if you are interested in finding out more about management assessment.

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