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THESIS

360-DEGREE FEEDBACK: A POWERFUL TOOL FOR LEADERSHIP DEVELOPMENT AND PERFORMANCE APPRAISAL

by

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March 2001

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360-degree feedback is a powerful multi-dimensional leadership development tool that draws upon the knowledge of people within a person's own circle of influence: supervisors, peers, and direct reports. It is most widely used for development, yet many organizations also use it for administrative purposes. This thesis examines the efficacy of 360-degree feedback through an in-depth research review that establishes when 360-degree feedback is effective and what conditions enhance or detract from its effectiveness. The thesis explains how 360-degree feedback was developed and examines its rapid growth in popularity. The argument for multi-dimensional performance feedback is then discussed in terms of four factors that have changed the role of leadership as we have moved from the Industrial Age/Cold War to globalization and the Information Age. As leadership's roles change, so must the goals of leadership development. A review of successful organizations reveals that many are using 360-degree feedback for modern leadership development, reinforced by similar systems for administrative performance appraisal. Research on 360-degree feedback reveals effectiveness conditions, design and implementation considerations, and four categories of potential benefits. Large Group Interventions with Appreciative Inquiry for collaborative design/implementation and positive change management also are discussed. The thesis ends with strong recommendations for the use of 360-degree feedback for both Navy leadership development and administrative appraisal.

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I. INTRODUCTION

A. BACKGROUND: WHAT IS 360-DEGREE FEEDBACK?

Many of today's high-performance organizations have begun to use 360-degree feedback, an emerging new tool for leadership development and performance appraisal. 360-degree feedback is a multi-source feedback mechanism that includes traditional input from supervisors, as well as input from colleagues, direct reports, and, sometimes, internal and external customers. It often incorporates a self-appraisal for comparison. The information gathered with 360-degree feedback taps the collective wisdom of people from within a person's own circle of influence. It is simply more reliable, honest, and valid than traditional appraisals, which few praise (Stamps, 1995; Maroney & Buckley, 1992). Research suggests that feedback from multiple sources has a more powerful impact on people than information from a single source does. In fact, no organizational action has more power for motivating employee behavior change than feedback from credible work associates (Edwards & Ewen 1996). Personnel are more strongly motivated to change their work behaviors to attain the esteem of their co-workers than to win over the boss.

Braken (1994) and Hoffman (1995) point out that organizations are embracing 360-degree feedback because it:

- Supports team initiatives, decreases hierarchies, and promotes streamlining. Such systems complement other initiatives, such as empowerment and participative management, the removal of management layers, and emphasis on teamwork.
- Assesses development needs. 360-degree feedback overcomes some of the limitations of traditional appraisal methods in organizations where

supervisors have wider spans of control.

- Creates a high-involvement work force and increases the focus on customer service. Other methods, such as employee surveys, have not generated increases in accountability and follow-through on the part of the managers.

- Defines corporate competencies. Customized 360-degree feedback instruments can become concrete statements of what competencies are needed to actualize the senior leader's vision.

- Avoids discrimination and bias. 360-degree feedback is intuitively more believable because the pooling of data collected from different perspectives can provide more accuracy.

In 1996, 90% of Fortune 1000 companies used 360-degree feedback (Edwards & Ewen, 1996). Of those, about 70% used it for development and 30% for both development and administrative purposes (evaluation, rewards, and promotion systems). 360-degree feedback is usually introduced as a development tool to allow the organization time to adjust and gain trust in the system. More recently, DeNisi (2000) reports that usage of 360-degree feedback for administrative purpose has increased from 30% to 50%.

Some examples of organizations that currently use 360-degree feedback and what they are using it for include (Edwards and Ewen, 1996):

- Current Inc., BellSouth, Lotus Development, and AT&T have given employees a voice in organization decision processes and have adopted 360-degree feedback systems to drive cultural change and align individual behaviors with organization values and objectives.

- American Airlines, Coca-Cola, and General Electric have driven decision making down to the lowest level. 360-degree feedback communicates the appropriate actions from employees to support cultural change, and these actions are then recognized and rewarded.

- Federal Express, Chemetals, Mariposa Colleges, Monsanto and Mesa (Arizona) Schools use 360-degree feedback to gather and act on information from both internal and external customers.

- Re-engineering focuses on redesigning the way employees work to improve individual, team and organization productivity. Tenneco, Whirlpool, Land's End and Intuit use 360-degree feedback to improve the quality of information to logically support re-engineering efforts.

- The U.S. Department of Energy, Motorola, General Motors Acceptance Corporation, GTE, the U.S. Naval Academy, and the National Defense University use 360-degree feedback as a more rigorous and appropriate way to measure individual performance and team contribution.

Some commands in the Navy have initiated the use of 360-degree feedback on their own, generally for "executive development" programs. However, recent interest at the top levels of the Navy in using 360-degree feedback institutionally came from an unexpected source. 360-degree feedback was an output from the "30-Something" course hosted by the Center for Executive Education at the Naval Postgraduate School in Monterey, California. Initiated and sponsored by Jerry Hultin, then Under Secretary of the Navy, the course was a remarkable effort to tap into the ideas and innovations of the Navy/Marine Corp's "junior executives" (see Appendix A for more about the "30-Something" course). The first course of its kind, "30-Something" selected 19 mid-grade officers (all around 30 years old, hence the name) and, over 30-day period, challenged them to envision their Navy of 2015. I was fortunate enough to be one of the 19 students.

"30-Something" participants were given the rare opportunity to provide input straight to the top of the Navy. As a result, everyone came to the course with many ideas. Not surprisingly, most of the ideas were "in the box" and reflected individual backgrounds and professional parochialism. However, as the course progressed, participants found themselves looking deeper and deeper into the organization, finally arriving at the rich topic of our Naval service's people and culture. There were many ideas, but all eventually centered around one theme: *attracting and retaining great people*. Using a systems framework (see Appendix C), the group attacked this issue by splitting up into four sub-groups: *Vision, Technology, Logistics,* and *Professional Worklife.*

The group's vision strongly emphasized teamwork and innovation, and each sub-group worked on ideas to support that vision. Therefore, the *Professional Worklife* sub-group looked at modifying the Navy's fundamental behavioral systems - how we evaluate, promote, reward, and motivate our people - to incorporate the espoused values of teamwork and innovation. As a result, the sub-group modified performance feedback to include inputs from an individual's team members - peers and direct reports. Hence, the concept of 360-degree feedback (supervisor, peers, and direct reports) for leadership development and performance appraisal was adopted.

B. PURPOSE OF THIS STUDY

The purpose of this study is to determine the efficacy of 360-degree feedback for leadership development and performance appraisal in the Navy. The growing popularity of 360-degree feedback in the private sector suggests that it is more than just a passing fad. Yet, its value in private industry may not translate directly into the military. This points to the need to understand, historically, how and why 360-degree feedback came about, where it works, and why it is being so rapidly adopted today. A thorough understanding of when 360-degree feedback is effective will allow the Navy to make an educated decision about its future use. Further, research provides insights into conditions that enhance or detract from 360-degree feedback's effectiveness. Also, literature on 360-degree feedback provides valuable lessons learned about the concerns and risks associated with designing and implementing a 360-degree feedback system. Lastly, 360-degree feedback has powerful implications for cultural change within an organization, which must be clearly understood up front.

C. RESEARCH QUESTIONS AND METHODOLOGY

Given the purpose of this study, the primary research questions are:

1. Should the Navy consider using 360-degree feedback for leadership development and performance appraisal?
2. When is 360-degree feedback effective, and what conditions enhance or detract from its effectiveness?
3. What are the potential benefits of using 360-degree feedback?

A secondary research question is:

1. Given the dynamics of the Information Age and the nature of 360-degree feedback, what is the best change methodology for designing and implementing a 360-degree feedback system?

The primary methodology used to answer these questions is an in-depth research and literature review. In addition, the "30-Something" experience provided a unique opportunity to carefully think through many ideas for our future Navy. Since only the best ideas with the most consensus bubbled to the top and were presented, some of these ideas will be referenced.

D. THESIS ORGANIZATION

Chapter I defined 360-degree feedback, provided some background information on its breadth of use, and gave examples of organizations currently using 360-degree feedback. It then discussed the source of the idea for using 360-degree feedback in the Navy and the purpose of this study. Chapter II presents a brief history to illustrate where the need for 360-degree feedback in leadership development originated. This history is then discussed in terms of four factors that affect the changing roles and competencies of leadership, focusing specifically on traditional notions of leadership in the Cold War/Industrial Age versus the new challenges under globalization and the Information Age. New competencies imply that new leadership development techniques are necessary. Chapter III will explore what successful organizations are doing today with their leadership development programs. When compared to the Navy's approach, these programs will reveal the Navy's lack of multi-dimensional feedback both for developmental and administrative purposes. Chapter IV then explores in depth the concept of 360-degree feedback: where it works and what enhances or detracts from its effectiveness. Chapter V presents conclusions with respect to each research question and provides recommendations. Five appendixes, A - E, provide additional information about the "30-Something" course, external environment change, using a Systems Analysis model, Large Group Interventions and Appreciative Inquiry, and a draft implementation plan, respectively.

Since 360-degree feedback is most often used for individual development, the recent rise in use of the mechanism leads one to wonder what has changed about the nature of leading today that warrants a multi-dimensional approach to leadership development. This is the subject of Chapter II.

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II. 360-DEGREE FEEDBACK: RESPONDING TO THE CHANGING ROLES AND COMPETENCIES OF LEADERSHIP

A. INTRODUCTION: WHY 360-DEGREE FEEDBACK?

According to Lepsinger and Lucia (1998), 360-degree feedback grew in response to the changing needs of leadership development. This chapter explores this hypothesis from two perspectives. First, I present a brief, general overview of the history of 360-degree feedback to enable an understanding of how and why it developed. Then, I focus on the need for a new, multi-dimensional approach to leadership - specifically, the factors that are driving the changes in leadership's role within organizations. New roles require new competencies. My intention is to identify the new roles of leadership and their required competencies in order to illustrate how they are both supported by 360-degree feedback. In doing so, I illustrate how these new roles and competencies manifest themselves by describing the behavior of a leader who embodies these qualities and demonstrates what I call: "360-degree leadership."

1. A Brief History of 360-Degree Feedback

Receiving feedback about behavior and job performance is nothing new. Normally, this comes from a supervisor and/or owner of a business. Descriptions of working conditions at the beginning of the 20^{th} century describe an environment in which feedback focused primarily on productivity and was given at the boss's whim, most likely when things were not going well (Lepsinger & Lucia, 1998).

Lepsinger and Lucia argue the importance of two ideas that came about in the 1950s that helped change not only the kind of feedback that was given, but also the way it was given. The first was Management by Objectives (MBO). MBO formalized and gave focus to feedback. Supervisors and employees established specific productivity targets and worked towards them. Second, research on employee motivation (later known as Socio-Technical Systems) revealed aspects of employee motivation that were linked to receiving feedback on a regular basis. Consequently, periodic performance review meetings between individuals and their bosses became the norm.

Supervisor-only feedback was useful for monitoring performance and clarifying behaviors, but it provided only one perspective and was necessarily limited. In addition, research on traditional performance appraisal (discussed further in Chapter IV) reveals limitations in that a person's ratings may depend more on unit performance than on observation of actual individual behavior. Further, if disagreements result between the employee and boss, these disagreements often lead to lower employee morale and lower subsequent performance.

Over the next twenty years, researchers began exploring ways to provide people with feedback from direct reports. Upward feedback revealed a positive impact on managers' behavior because they learned how others perceived them. Based on these findings, IBM began using feedback from direct reports in performance discussions more than thirty years ago (Lepsinger & Lucia, 1998).

In the 1980s, the Center for Creative Leadership published its research findings in two books that brought the idea of upward feedback into the mainstream: *The Lessons of Experience: How Successful Executives Develop on the Job* and *Key Events in Executive Lives*. The research looked at individual performance from the perspectives of supervisor, peer, direct report, and customer. Lepsinger and Lucia note three important conclusions that focused on the value of 360-degree feedback: 1) that feedback is an important element of a person's professional and personal development; 2) that the most effective executives were learners who made everything into a learning experience; and 3) that many people in organizations operated in a feedback-poor environment.

Middle and senior management, in particular, were recognized as receiving little to no feedback on their daily performance. Again, in most cases, feedback emphasized results such as financial performance, while seldom addressing people's personal development needs. However, with the end of the Cold War and the beginning of globalization, two important trends emerged: increasing competition and, hence, increased focus on the customer. With these changes has come the need for multi-dimensional feedback.

According to management literature, successful organizations have adapted to the demands of globalization by removing traditional hierarchical structures, which limited cross-functionality and innovation. With the aid of information technology, leaders transformed organizational structures into leaner, flatter entities that require teamwork, communication, information sharing, and empowering people at lower levels. The nature of these flatter organizations requires interdependence rather than self-sufficiency.

This transformation has resulted in managers with increasing spans of control. In such cases, supervisors are not able to observe the performance of all of their employees. Therefore, according to Lepsinger and Lucia, vertical elements of feedback (supervisor and upward) from a direct supervisor, as well as a direct report providing upward feedback, are limited. The population of feedback providers, as a result, has been increased to include colleagues, other supervisors, and even customers.

Colleague input, or peer review, becomes increasingly important as teamwork becomes more important for success. In fact, peer feedback research has shown that no other element of multi-dimensional feedback has more power to influence behavioral change than feedback from co-workers. Feedback from customers is another powerful way to clarify the responsiveness expected from clients.

This multi-dimensional gathering of feedback - 360-degree feedback - provides a clear picture of behavior and performance. The collected information potentially gives both the individual and the organization feedback about the ratee from direct reports, team members, supervisors, and, sometimes, external customer perspectives.

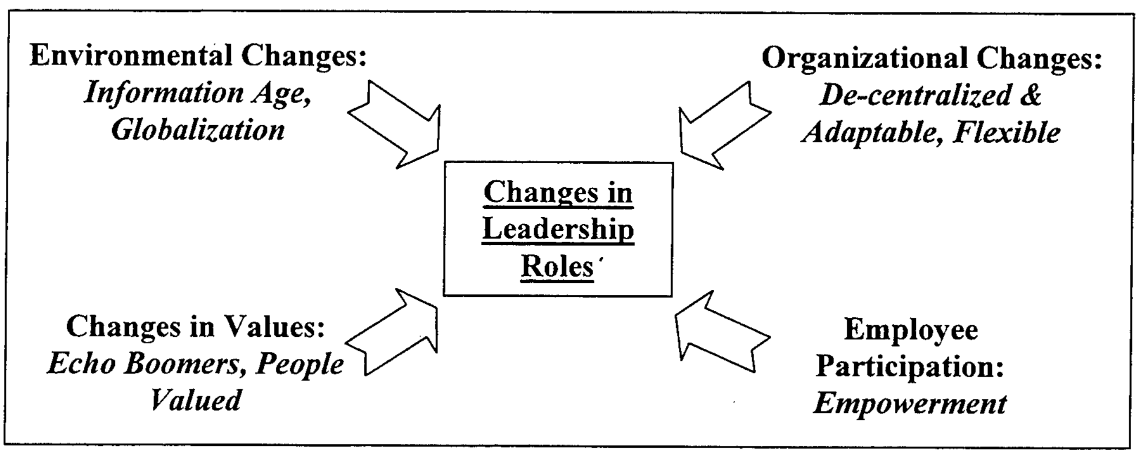
Feedback from all of the sources that make up an individual's sphere of influence gives the ratee an opportunity to see him, or herself better, which research has shown to be an important aspect of leadership development. With the trend toward flatter, less hierarchical organizations, each employee will have to step up to more responsibility and leadership. Individual improvement, thus, becomes vital to the success of the organization. Therefore, many high-performance organizations use 360-degree feedback on a recurring basis in their leadership development programs (Chapter III will discuss this further). Indeed, research shows that 360-degree feedback does lead to behavior change and improved performance.

The reasons why 360-degree feedback has grown so rapidly over the last decade are varied and complex. However, the fundamental premise behind 360-degree feedback is clear: multi-dimensional feedback leads to personal development or, more specifically, leadership development. And if we accept this premise, the question is: what has changed so much about the nature of leadership to warrant the transition away from traditional, supervisor-only feedback to 360-degree feedback? Has the role of leadership within organizations changed in terms of how leaders contribute to success? The next section looks at the factors that are changing the roles of leadership and the competencies necessary for success as a leader in the 21st century.

B. THE CHANGING ROLES OF LEADERSHIP

Four factors affect the role of leadership in organizations: environment, organizational structure, employee participation, and values of people/society (Pasmore 1998):

Figure 1. Factors Effecting Leadership Roles



Environment: Environment refers to the external conditions in which an organization must operate. Reviewing the differences in operating environments during the Cold War/Industrial Age versus those of globalization and the Information Age reveals dramatic changes (see Appendix A for a more detailed discussion).

According to Friedman (2000), the Industrial Age and Cold War, although wasteful and oppressive, were relatively stable compared to today's constantly changing environment. Then three fundamental changes took place in the areas of *technology, finance,* and *information* that enabled globalization to begin and helped bring about the end of the Cold War.

Free-market capitalism is the driving idea behind globalization. The rapid growth in *technology*, increased access to *finance* for investment, and free exchange of *information* have dramatically increased the pace of capitalism or, rather, the process of "creative destruction," as Elliot and Schumpeter (1980) call it. Thus, the rapid pace of change has placed increasing demands on organizations to speed up communication, innovation, and decision making. Friedman argues that, in the face of such challenges, the traditional roles of leadership have been turned almost completely upside down. A leader's role is, thus, not to control, but to free his or her people from the weight of bureaucracy.

Organizational Structure: In response to the demands of globalization, leaders have changed organizational structures to be more flexible, faster, and more adaptable. That means a flatter, less hierarchical, de-centralized organization (Greenburg, 1996). The rapidly changing environment raises increasingly complex issues that require cross-functional teams, interdependent rather than dependent structures, and de-centralized authority. As a result, each individual becomes more valued. Thus, people must, in turn, respond by stepping up to the call for increased responsibility and leadership.

Employee Participation: As organizational structures get flatter, employee participation increases (Pasmore, 1998). People must become more empowered if decisions are to be made faster. Expertise is increasingly found at the lower end of the organization because employees are closer to the action. Leadership then takes on the additional role of support in service of their people's initiatives. As a consequence, leaders become more responsible for development of their direct reports.

Changes in Values: Understanding the values of those whom we endeavor to lead is an important part of leadership (Harkins, 1999). The values/work ethic of today's youth, or Internet generation, is different from the values/work ethic of the generation before them. Gen-X (born between 1965 and 1980) tends to be more cynical toward government, political leaders, and corporate America ("Generation-X," 1999). The next generation, Generation-Y and M for millennium, born since 1980, continues the trend towards ethnic diversity (Mitchell, 1996). In addition, this generation is used to having access to the "global Internet community," making them more open to race, gender, and religion (Omelia, 1998). They will undoubtedly be ready to navigate an increasingly technical workplace. As with the Gen-X'ers, this generation does not like hype (O'Leary, 1998). They want honesty. They don't want someone telling them that "you need to be like me." (Ebenkamp, 1999)

The implication for organizations is that leadership must create an environment that is suitable for the values of the people they seek. When competition is high for labor, an organization's ability to attract and retain good people becomes a competitive advantage. The ability to foster and develop new leaders requires an accurate understanding of them and of the changing role of leadership within organizations.

A review of the four factors affecting leadership roles - environment, organizational structure, employee participation, and values - suggests that a multi-dimensional approach to leadership development is necessary.

1. Identifying New Roles of Leaders

As discussed earlier, the dynamic external environment of globalization combined with the changing values/work ethic of the Internet generation means that leaders must modify their organizations and adapt their roles to deal with these new challenges. To complicate matters, the job of military leaders has never been more demanding. They must now lead in an environment of chaos, danger and uncertainty, while all around are new political and social pressures (Denario, 1998).

Again, in response to this dynamic uncertainty, leaders have encouraged more flexible and adaptable organizational structures. In this environment, the traditional role of command and control leadership is not very effective (Senge, 1996). There is too much complexity, too much information to process, too many changes to understand, and too many decisions to be made for an organization with centralized control to keep up. The management literature argues that the traditional role of leadership in a pyramidal structure is, in fact, just the opposite today. The new primary role of leader is as "*steward or servant*" on the bottom, supporting and enabling the organization above (Senge, 1990; Hunter, 1998; Faulkner & Gray, 1998). In other words, the 21^{st}-century leader is less the classic good soldier and more a *good coach* (Ireland & Hitt, 1999).

The pace of the Information Age and globalization demands that leaders assume a greater role as *change agents*. Leaders will need to be more comfortable with the uncertainty created by changes both external and internal to the organization. They will spend more time managing change and less time managing the status quo. Leaders must become *facilitators* and enablers of change. According to Senge (1990), they must foster a work environment that allows for creative tension and yet encourages cross-functionality, innovation, teamwork, and systems thinking. Furthermore, increased technical sophistication and accompanying specialization will force leaders to pay more attention to their role as *integrators* if the actions of specialists are to be coordinated effectively (Pasmore, 1998).

We tend to think that the difference between a leader and a manager is that the former masters his or her context, while the latter surrenders to it. "Managers do things right, leaders do right things" has been a fundamental viewpoint (Bennis, 1995). However, in today's new environment of globalization, either role alone falls short of the requirements of the *complete leader*. A complete leader can see the challenges of tomorrow, define the opportunities, and then lead *and* manage the organization to success. The complete leader must be found at every level of the organization. All who lead and manage in the 21st century must be good at both roles, and if not, must be anxious to develop the competencies in which they are weak (Zimmerman, 1993).

The transition from traditional hierarchy to high-performance work systems requires workers to become members of increasingly autonomous work groups. The role of foreman changes from that of *director* to *coordinator or technical expert*, with an emphasis on training, problem solving, providing resources, counseling, negotiating, linking, sharing information, and managing continuous change. Middle managers, who used to perform many of these functions, are freer to concentrate on technical development, general planning and interrelationships among departments. Top managers would focus on strategic planning, policy, management/leadership development and the relation of the organization to the environment (Pasmore, 1998).

Pasmore (1998) summarizes the changes in leadership expectations as follows:

Table 1. New Expectations of Leadership

Traditional Expectations	New Expectations
1. Get results by directing people and getting compliance	1. Get results by involving people and getting commitment
2. Create strong followers who respect authority	2. Encourage people to think, to initiate, to develop autonomy
3. Get people to follow policy and procedure	3. Get people to respond to changing situations in ways that are consistent with stated values and expectations
4. Develop individual strengths within department	4. Develop strengths within and across work teams
5. Implement orders for the above (in the organization)	5. Accept responsibility for their own leadership
6. Be responsible for the actions of the work unit	6. Be responsive to the needs of the work unit
7. Be excellent at the technical work performed in the department	7. Be excellent at the interpersonal aspects of the work unit
8. Control people to produce the highest possible output	8. Empower people to produce the highest possible output

These changes reflect a struggle between competing views of how to control behavior in organizations. The traditional view is based on the belief that people must be coerced into working in organizations because they would not choose to do so of their own free will (Etzioni, 1963; Galbraith, 1977). The second view is based on the belief that organizations provide the means for development, personal growth and self-actualization; therefore, people will be intrinsically motivated to perform the tasks requested of them (Pasmore, 1998).

It is important to acknowledge that some jobs clearly require extrinsic rewards and/or coercion to motivate people to perform them. Other conditions may include a prescribed repetitive function that would not operate without a bureaucratic structure (e.g., flight ops onboard a carrier). While not denying the appropriateness of bureaucratic control for some situations, Pasmore argues that we too often make the mistake of believing that this type of leadership style is transferable to other scenarios.

Furthermore, we perpetuate this problem by embedding traditional controls systems in our appraisals, rewards, promotion, and incentives that are bureaucratic in manner and inflexible to differing conditions. This creates a self-fulfilling prophecy (Eden, 1988). Leaders who work in organizations designed to control "untrustworthy" employees will tend to get the undesirable results they expect, while leaders who work in organizations designed for mature adults tend to get the opposite result. Although most would prefer the latter, people oddly resist this transition because they view the unhappy status quo as more attractive than an uncertain future (Morris, 1987). This decision to transition an organization from traditional hierarchy to high-performance work system marks the beginning of dramatic changes that leaders can expect to see in their familiar roles.

The operating environment of the 21st century will be defined by increasing speed, complexity, and uncertainty. As the need for high-performance organizations becomes more commonplace, the roles of leaders in these organizations will be more varied and complex. These new roles for leaders include (Pasmore, 1998):

- *Steward/Servant/Covenant Leader:* The role of leader as hero or heroine is giving way to the role of leader as team captain, coach, or even "first among equals." From foreman to coordinator, this person is self-observant, reinforces and supports the work team, provides and seeks feedback, and encourages group communication. This provides inspiration for what is possible versus reliance on rules for the future.

- *Facilitator/Process Consultant:* The leader facilitates the flow of information in and between groups. Part of this role means understanding what is happening from a holistic perspective. This person not only understands processes, but also pays close attention to the way people work together to accomplish objectives.

- *Liaison/Link Pin/Network Builder:* Formally or informally, the leader will have to bring groups together to solve problems or accomplish tasks. The leader must be able to relate to external groups whose actions affect the work of internal groups.

- *Integrator/Innovator/Decision Maker:* The leader must be able to integrate information, conceptualize alternatives, and plan courses of action. Moreover, he or she must approach problem solving in innovative and participative ways.

- *Conflict Manager/Relationship Builder:* As the number of groups involved in generating ideas and solving problems increases, so does the number of different points of view. Leaders will need to develop skills to manage conflict productively and build cooperative relationships.

- *Evaluators/Resource Allocators:* In addition to the more-traditional roles, the leader will have to be adept at helping employees learn to evaluate and give feedback on their own and one another's performance. Allocating resources in a team-based work system does not allow reliance on hierarchical authority to allocate decisions.

New roles of leadership will require new competencies from leaders. In order to become effective leaders, people will need to develop the necessary skills. A 360-degree approach to leadership development helps identify and develop the interpersonal, "soft skills" required of leaders today.

C. REQUIRED COMPETENCIES OF 21ST CENTURY LEADERS

While a role is a duty or function, a competency is a skill or ability that enables us to fulfill that role. Since leadership is a learned skill, we must all learn how to lead (Harkins, 1999; Covey, 1989). That being the case, to be good leaders we must first be good learners, and knowing what to learn means being aware of our own strengths and weaknesses.

1. Identifying New Competencies

According to Hays (1999), Hoch (1999), Hunter (1998) and Zimmerman (1993), the first and most fundamental competency of a 21st-century leader is *self-awareness*. Self-awareness lets us recognize our strengths and weaknesses and enables authenticity. Authentic leaders are more open, forthright, and, thus, better able to build the glue upon which all relationships are based - *trust* (Hays, 1999). We cannot take charge of situations and influence others if we cannot take charge of and master ourselves. "We shape life, rather than being shaped by it." (Bennis, 1989) This is where good leadership begins.

Another important competency is developing the perspective of a *systems thinker*

(Senge, 1990; Zimmerman, 1993; Friedman, 2000). Systems thinking is the ability to see the whole. It is about understanding how the individual parts of a system influence the rest of the system. Systems thinking is a multi-dimensional, conceptual framework, a tool that helps us to make full patterns clearer and to change them effectively (Senge, 1993). Appendix C contains an example of a systems framework analysis.

In short, the systems framework clarifies the interrelationship of all the system's elements and illustrates the importance of alignment. The power of alignment occurs when leaders understand their environment well enough to determine the system direction and internal design factors of the organization to create shared purpose, vision, and values (Labovitz & Rosansky, 1997).

Another competency is *visioning*. Being visionary does not necessarily mean being a dreamer. It means having the ability to understand the global context well enough to see opportunities and threats. But having a vision is not enough. The ability to make it a *shared* vision is the required skill (Senge, 1993; Harkins, 1999). Achieving that vision requires the ability to define a framework within which the organization conducts itself. This means setting clear values, guiding principles, and beliefs that become the "DNA" for the organization's future growth (Hoch, 1999).

Building shared vision and common values underlies the next required competency - that of a good *communicator*. Leaders do three things through their conversations: 1) advance their agendas; 2) share learning; and 3) strengthen relationships (Harkins, 1999). Through conversation, they build higher trust and gain better results, while also creating and sustaining meaningful relationship with large numbers of peers, bosses, and direct reports. Believing in something and having the ability to act on those beliefs are crucial to good leadership. Ultimately, though, people follow leaders who can clearly *communicate* their vision, goals, and course of action.

In a decentralized system, the 21^{st}- century leader will be competent at *designing effective support systems* that free people from the constraints of bureaucracy and encourage them to create and be innovative. These internal systems and resources will be flexible, will stimulate the development of people and teamwork, and will foster commitment. Most important, the 21^{st}- century leader will implement systems that expand the intellectual capital of the organization - its people (Ireland & Hitt, 1999). The emphasis will be on team learning. These systems will include mechanisms for appraising, rewarding, promoting, and motivating people. When combined, these systems can produce a learning culture, ultimately yielding what Senge calls a "learning organization." In order to implement and sustain these changes, a leader must have *change agent skills*.

The systems thinker competency is supported by being an effective change agent. For example, a leader can not dictate change any more than a leader can dictate organizational culture (Roberts, 2000). Hence, if some element of the desired culture is missing, an effective change starts with knowing what change lever to push in the Systems Framework model (Appendix C) to achieve the desired outcome.

Below, Table 2 summarizes the competencies required to support leadership's new roles:

Table 2. The Competencies Required to Support New Leadership Roles

Roles of Leaders →	Required Competencies
- Steward, Servant, Covenant Leader	- Personal Mastery - Beyond Self
- Coach, Teacher	- Powerful Communicator -Listens Well, Tolerance
- Facilitator, Process Consultant	- Systems Thinker/Designer - Strategic Visioning
- Network Builder, Liaison	- Flexible, Responsiveness - Negotiation skill
- Integrator, Innovator, Decision Maker	- Creativity, Analyst - Independent, Adaptability
- Conflict Manager, Team Builder, Change Agent	- Builds Commitment, Manages Change - Cooperative
- Evaluator, Counselor	- Gives and Receives Feedback - Empathy

It is hard to reduce leadership to a definitive set of skills or competencies. While the roles and competencies identified are not all-encompassing, they do underscore the deeply personal nature of leadership. Klein and Posey (1986) found that successful managers in traditional work systems had no trouble adapting to their new roles in high-performance work systems. In other words, successful leaders in both environments exhibited the same timeless characteristics of good leadership: they were competent, caring, and committed to both the work and their people; they emphasized quality, provided clear direction, and motivated with accurate and timely feedback; they coached their workers and shared information; they took responsibility for outcomes; they knew how to get the right people involved in problems solving and did so; and they looked beyond their own areas to understand the organization as a whole (Pasmore, 1998).

It would seem, then, that competent leaders have little to be concerned about regarding their new roles in 21st -century organizations. However, for others who depend on the support provided by traditional hierarchical systems, the transition could be a shock. For them, additional feedback, training, coaching, and counseling will be necessary. 360-degree feedback can help develop and support these competencies.

In this next section, I will illustrate how these new roles and competencies manifest themselves by describing the behavior of a 21st -century leader. Leadership development and performance feedback must be modified to support these characteristics, and multi-dimensional feedback is a growing part of organizational efforts to create "360-degree leaders."

D. "360-DEGREE LEADERSHIP"

How will the new roles and competencies of the 21st -century leader manifest themselves in terms of behavior? According to Hoch (1999), effective 21st -century leaders will intuitively understand four fundamental dimensions of leadership: *self, supervisor, peers,* and *direct reports* (Hoch, 1999).

First, these people understand that true leadership starts with *self*: integrity, character, ethics, knowledge, wisdom, temperament, words, and acts. Without management of self, no one is fit for authority.

Second, these people know how to manage their *boss*. They have the consent and support of those with authority over them. Otherwise, they would not be able to follow their convictions, exercise judgement, be creative, or create conditions in which others around them can do the same.

The third quality is teamwork with *peers*. Peers have no authority over us, yet without their support, respect, and confidence, we can accomplish little or nothing. Sustaining a win/win relationship with peers can make the difference between success and failure. It promotes a broader understanding of the whole system, vice just specialized components.

The fourth quality is the *direct report* relationship. Superior leaders are able to induce in the people over whom they have authority the desire to replicate the previous three dimensions of good leadership. Having achieved this, a leader can enable, encourage, and provide the resources for people to do great things. This has a cascading effect throughout the organization. How direct reports are developed becomes the legacy of leadership. Figure 2 below summarizes the above qualities:

Figure 2. "360-DEGREE LEADERSHIP"

Management of Boss:
Achieves consent to follow convictions, exercise judgement, be creative, or create conditions in which others around can do the same.

Management of Peers:
Peers have no authority over us, yet without their support, respect, and confidence, little or nothing can be accomplished.

Management of Self:
Integrity, character, ethics, knowledge, wisdom, temperament, words, and acts. Builds authenticity, which leads to trust and authority.

Management of Peers:
Peers have no authority over us, yet without their support, respect, and confidence, little or nothing can be accomplished.

Management of Direct Reports:
Able to induce the people over whom they have authority to replicate the same. Brings out their best. A model for how to manage others.

In this regard, leadership and management are not about making better people of others, but about making a better person of *self* (Hoch, 1999). This requires constant attention. Positional authority can get results through coercion and fear, but at the expense of commitment and, at best, temporarily. Further, leaders who know only the bureaucratic model of organization enjoy the power they experience and feel comfortable with the sense that their leadership will not be questioned (Hackman, 1980). Leaders and/or organizations who fail to understand and change this operate somewhere below their maximum level of effectiveness.

Lastly, these people exemplify steward or servant leadership (the CNO, Admiral Clark, calls this 'covenant leadership'). They measure their own self-worth by how well they develop their own people. This is their legacy. They intuitively recognize that the mechanistic model of leadership, dominator concepts of organization, and the management practices they produce are inappropriate for the operating environment of the Information Age and globalization. 21st -century leaders will need a 360-degree approach to leadership.

E. SUMMARY

In this chapter, I gave a brief history of 360-degree feedback in order to show how it was developed. Then, I examined more specific reasons why 360-degree feedback has become so relevant for leadership development, discussing the four major factors that are changing the role of leadership in organizations: environment, organizational structure, employee empowerment, and values. There are major differences between the operating environment of the Industrial Age/Cold War and the Information Age/globalization. Technology and the Internet are credited with bridging many cultural barriers, not only on a macro-level between nation states, but also on a micro-level within organizations. These differences demand changes not only in leadership roles, but also in organizational structure and, hence, employee participation. In response to today's dynamic environment, organizational structures have been flattened, responsibility has been decentralized, and employee participation has increased. Furthermore, with the end of the Cold War and the beginning of the Information Age, the values of people and society in general have changed. These four factors have changed leadership's role from "controller" to "coordinator." New roles require new skills or competencies. These new roles and competencies create "360-Degree Leaders," whose qualities are embodied in the ideals of steward, servant, or covenant leadership.

In the next chapter, I will review the new leadership development techniques and reinforcement methods that successful organizations are using to create and foster "360-Degree Leadership." 360-degree feedback is a common element of many organizational leadership development programs today. I also will briefly review what the Navy is doing in the area of leadership development. A comparison of the two approaches will allow us to see what the Navy can adopt for its own leadership development program and methods of performance feedback.

III. NEW LEADERSHIP DEVELOPMENT TECHNIQUES

A. INTRODUCTION

In Chapter II, I identified new roles for leaders in today's high-performance organizations that require a 360-degree approach to leadership and leadership development. These new roles also require new skills or competencies. New competencies imply that both the goals of leadership development and the programs themselves must be modified accordingly. I will discuss how today's successful organizations are exploring modern human resource management and new leadership development techniques. From this, we can draw parallels with what the Navy is (or is not) doing to develop new leadership and determine where the Navy could focus its efforts. The research reveals a trend towards embedded leadership development systems with an emphasis on soft skills. The goals of leadership development are, in turn, reinforced through modification of fundamental human resource systems: how we appraise, reward, promote, and motivate people.

B. MODERN LEADERSHIP DEVELOPMENT

Changing from an industrial-based economy to a knowledge-based economy means that both individuals and organizations must place a high emphasis on maintaining and increasing their knowledge. To maintain unique skills or knowledge requires a continuous-learning approach to personal development. As a result, leaders will be judged on how well both the individual and the organization collectively develop themselves, and how well they create a climate in which others can do the same. For organizations, this means fundamentally changing the way leadership development is conducted within Human Resource Management (Claman, 1998).

Claman argues that Human Resource Management reflects the tone of leadership development within an organization. The way an organization evaluates, promotes, trains, rewards and motivates its people defines for its employees what behaviors are expected. These human resource systems define the relationship between the employee and the employer. In the industrial economy, these systems were based upon mutual loyalty - the "one-company career" (as defined by the company). Traditional human resource systems reinforced this "career path" mentality by making tenure the basis of everything from basic compensation systems to rewards, promotion and retirement. In the knowledge economy, however, values, knowledge, and relationships - not jobs and career ladders - are what constitute a career. Knowing "why, how and whom" are keys to becoming an effective leader today (Claman, 1998). Therefore, traditional human resource systems play a large part in leadership development and must change in parallel with the changing goals of leadership development.

1. Knowing "Why, How, and Whom"

Knowing "why" refers to a person's work values - that is, what the individual wants to get from and contribute through his or her work. In Chapter II, I discussed the importance of knowing the values of those we endeavor to lead (i.e., the Internet generation). Careers are defined more and more by the individual, not by the employer (Claman, 1998). Today, time at home with the family, advanced education, etc. are common career issues. A multiple-company career is an accepted fact of life in the knowledge economy. As a result, today's organizations realize that higher salaries and promotions are no longer the only media of exchange. Compensation systems reflect this in creative "pay for performance" ideas that reward leadership in performance as well as levels of knowledge, rate of skill development, and development of direct reports. Organizations are placing a high emphasis on a combination of quality of life *and* quality of work to retain their highly valued leaders.

Knowing "how" refers to the medium of exchange in the knowledge economy - knowledge itself. Leaders in the knowledge economy know that they and their organizations must continue to actively add to their skills and knowledge base. This knowing "how" are the competencies of the 21st-century leader. Claman states that organizations address this by how they recruit and select people and, even more so, by how they internally develop leaders. Again, organizations are changing the way they evaluate, promote, train, reward and motivate their people to emphasize and develop the competencies necessary for good leadership in the 21st century.

Knowing "whom" refers to the ability of leaders to build relationships with supervisor, peers, and direct reports. In addition to these internal relationships, a leader's personal network also includes references outside the organization (Claman, 1998). These are relationships with colleagues, customers, and personal acquaintances, those with whom a leader exchanges information. In turn, the individual is responsible for personal development plans based on the information received. Organizations are using various forms of training and feedback mechanisms to develop this aspect of leadership.

In short, practitioners are modifying human resource systems to match the changing goals of leadership development. Individuals have a greater voice in their career choices, and development opportunities offered by organizations are a growing factor over salaries alone. As a result, organizational leaders see their own leadership development programs as critical to attracting and retaining good people. Hence, leadership development in the knowledge economy becomes a competitive advantage for successful organizations.

2. A Study of Successful Organizations' Leadership Development Techniques

Williams and Cothrel (1997) conducted a year-long study of leadership development practices at 19 leading private and public organizations to gain insights about: 1) identifying and developing the next generation of leadership; 2) environments that encourage the emergence or growth of leaders; 3) and ways of measuring success in developing leaders. In other words, how leading organizations are developing the "knowing why, how and whom" in their 21st century leaders. Table 3 lists the organizations Williams and Cothrel studied.

Table 3. Organizations Studied by Williams and Cothrel

Organizations studied by Williams and Cothrel in their 1997 study:
Arthur Andersen, Bell South, British Airways, U.S. Army Center for Leadership Development, Colgate-Palmolive, Fuji Xerox, Motorola, Pepsico, Rover Group, Royal Dutch Shell, SmithKline Beecham, United States Military Academies, Xerox Business Systems, and Xerox Corporation.

The first finding was that organizations, whether private or public, are striving to make leadership development more than a series of isolated events. Two reasons for this are the rapidly changing environment and the organizations' desire to embed processes that consistently develop adaptable leaders who are also good at leading change. Further, these new embedded processes are aimed directly at countering entrenched informal processes that tend to favor those whose assumptions, background and beliefs match those of their superiors. This also counters the natural tendency of organizations (people) to promote like images of themselves. It further aids in developing organizational strength through diversity. And, in terms of leadership development, these efforts are intended to identify high-potential employees and emphasize to leaders their importance in finding and developing young talent. Performance feedback from peers and direct reports was used to compliment traditional supervisor-only input.

The study also found an emphasis on developing new competencies. As discussed earlier in the thesis, new roles require new competencies. The competencies identified in the study were similar to those discussed here in that they stress "soft skills" and the ability to create an environment that allows for unlocking the organization's human potential in a manner consistent with its values, strategies, and objectives. The findings emphasized team learning and the interpersonal skills necessary to function well in a team.

The third finding was an increased distinction between business results and values. In other words, getting good results at the expense of good ethics or organizational values was not acceptable. The collateral damage caused by such behavior included low retention/high turnover, poor customer relations, low employee morale, and, ultimately, the organization operating at somewhere less than its optimal capability. Study group participants talked about the increasing occurrence of having to ask employees to leave who excelled at achieving results, but behaved in ways inconsistent with organizational values.

While program details varied across the participants, a common attribute was the use of team-building methods. Some were training scenarios, and some were actual team-driven taskings that forced employees into new leadership roles. Although the details were different, a common element of their leadership development programs was effective and frequent performance feedback. A commonly used tool for this function was 360-degree feedback.

The 360-degree feedback included input from supervisor, peers, direct reports, and, in some cases, customers. The purpose was to help individuals identify their contribution to the team, as well as their strengths and weaknesses as leaders. The study noted that 360-degree feedback was used for both leadership development and performance appraisal. It was used as a supplement to and, in some cases, as a replacement for traditional performance appraisal systems (supervisor-only). These organizations recognized the mismatch of using traditional appraisal systems in a team-based environment. To expand this point, Hitchcock (1996) points out some of the reasons why organizations are abandoning their traditional appraisal systems:

- Employees get feedback only from the manager, not from their team members. In a rapidly changing environment, managers may not have the technical expertise to give valuable feedback.

- The process happens too infrequently. Employees often have to choose between doing what they will be evaluated on and what is now best for the organization.

- The process is becoming too expansive for one manager to handle as organizations de-centralize and as spans of control increase.
- Supervisor-only evaluation reinforces a hierarchical, paternalistic culture that violates the norms of a team environment.
- Where performance evaluation is linked to individual pay, it rewards competition, not cooperation and teamwork.

Organizations will develop and retain the kind of leaders they want by actively promoting the desired model of leadership through four key systems: 1) performance feedback and appraisal; 2) promotion and selection systems; 3) training and individual development plans; 4) and motivation. Of these four systems, Latham and Wexley (1994) argue, performance appraisal is the most important because it is the fundamental prerequisite for establishing the other three.

In summary, the studied organizations sought to embed leadership development into their control systems and processes, with an emphasis on developing "soft skill" competencies and achieving results in ways that are consistent with organizational values. Lastly, some sought deep change through modification of their most fundamental incentive system: performance appraisal. Traditional performance appraisal was augmented or replaced by 360-degree feedback. The multidimensional aspects of 360-degree feedback fit better with organizational values, increased de-centralization, and a team-based environment.

C. LEADERSHIP DEVELOPMENT IN THE NAVY

The opportunity to lead is a reason people often cite for choosing to join the Navy (Broyles, 2000). In fact, the Navy has a proud tradition of great leadership. The organizations discussed above in the Williams and Cothrel study were generally well established. Like the Navy, they existed during the Cold War and have had to adjust to their new environment under globalization. However, when compared to the Navy's, their adaptations to leader development and human resource systems are different and more creative. In fact, the overall approach to leadership development in the Navy has not changed much. This is not to imply that the Navy has not had an adequate leadership development program. However, the dramatic changes in our operating environment suggests that our traditional approach to leadership development may no longer be adequate.

Two notable strengths of the Navy's approach to leadership development are the emphasis on "learning by doing" and training. These areas were also strengths of the organizations noted by Williams and Cothrel. One of the hallmarks of Naval service is that young leaders get responsibility quickly, and it increases rapidly as they achieve success. This "trial by fire" has been almost a standard rite of passage in the Navy, pushing young leaders into new situations to give them experience in handling new challenges.

Like the other organizations in the study, the Navy places a strong emphasis on classroom training. Knowledge and skill expertise is an aspect of leadership that lends to credibility and trust (Hoch, 1999). Throughout any given career path in the Navy, there are multiple opportunities for education; in fact, some are required. Indeed, studies show that the military offers five times more training than a typical person is offered in private industry (GAO, 1998). In terms of leadership development training, the Navy, too, has increased the amount of classroom training it provides.

Additional leadership courses have been added at various flow points in the careers of both enlisted and officer. This program is called the Navy Leadership Continuum, a career-long continuum of Navy leadership development, from recruitment to retirement (cnet.navy.mil/leadcon.html). A total of eight Leadership Training Courses for officers and enlisted personnel have been developed to form the cornerstone of that continuum. These progressive and sequential courses are all two weeks long, with the exception of the nine-week senior enlisted academy. Four major themes are the foundation for all the courses: values; responsibility, authority, and accountability of leadership; unity of command; and services and continuous improvement. The formal leadership training will be periodically reinforced with "booster shots" at warfare/specialty pipeline training, at annual all-hands training, and during development/professional assignments. Current education and training programs that include leadership modules are being brought into alignment with the continuum themes to ensure consistency and to eliminate redundant or conflicting training.

This training is required. A person can not be advanced or promoted without completing these leadership course requirements. (Unfortunately, the impetus for these courses has generally not been the service anticipating the needs of the next generation, but more a reaction to bad press—e.g., Tailhook, ship groundings, ethics violations, etc.)

The Navy's classroom approach to leadership development also has included the introduction of the Revolution in Business Practices (RBP) and "30-Something" courses. Both courses are taught at the Center for Executive Education at the Naval Postgraduate School in Monterey, California. Selected Flag-level officers and SES civilians take the two-week RBP course. It is intended to expose the Navy's senior leaders to new ideas in organizational practices and benchmark ideas from private industry. "30-Something" took a group of mid-grade officers (hence the name of the course) and similarly exposed them to notable concepts and leaders outside of the Navy (see Appendix A). Despite these efforts, the depth of new leadership development techniques in the Navy is still one level short of most the organizations in the study.

The most notable difference is in the element of *embedded* leadership development processes. Many of the organizations studied formalized and used multi-dimensional performance feedback on a recurring basis for developmental purposes. 360-degree feedback was the instrument of choice. Organizationally, the Navy does not have a formal multi-dimensional feedback program for leadership development. Further, for some of the organizations in the study, making leadership development more than just a series of isolated events included a deliberate effort to change their behavioral sub-systems. The leadership values taught in the classroom and learned on the job were also reinforced in the way people were evaluated, promoted, rewarded, and motivated. 360-degree feedback was again used, except this time for administrative decisions (pay and promotions). In this manner, multi-dimensional leadership was recognized.

Although the Navy changed its fitrep/evaluation system in 1995, it did not change its traditional approach. Because of rampant grade inflation, the Navy wanted to modify its appraisal system to help promotion boards identify and promote the best people. The most significant changes were the addition of a Reporting Senior's Average and restrictions on the number of people that could be recommended for each promotion category (i.e., Promotable, Must Promote, Early Promote).

The Reporting Senior's Average is an index of the reporting senior's grading severity. This index does not appear on the evaluation form, but is maintained at the Navy's Bureau of Personnel. The index gives a relative indication of the reporting senior's grading style to both the individual graded and promotion boards. When combined with restrictions on the number of people that can be recommended for each promotion category, a bell curve is forced into the results. While important, these actions have had unintended consequences, too.

Before the change, people competed and were ranked within their community (i.e., aviation ranked aviation people, supply ranked supply people). Now, *everyone* is "ranked" against each other. People can compare their score to the reporting senior's average and determine if they are above or below the mean. Competition is now across functional disciplines. With everyone competing to be in the right half of the bell curve, an atmosphere conducive to teamwork is more difficult to establish and maintain than ever before.

In the aforementioned study, the organizations chose 360-degree feedback to align their appraisal system with the values of their organization and the goals of their leadership development program. According to Kerr (1975), aligning expectations with reward systems is a prerequisite for maximum organizational effectiveness. Kerr cites many examples of organizations (including the military) whose behavioral systems are in direct conflict with their expectations and leadership goals. Additional research supports Kerr's assertions. The *Academy of Management Journal* published research that empirically established the relationship between an organization's human relation systems and its expected performance (Doty, Glick & Huber, 1993). The research demonstrated that the more an organization's human relation systems were aligned with other dimensions (environment, structure, values and direction, etc.), the greater its predicted organizational effectiveness would be.

The Navy places a strong emphasis on teamwork through its espoused values and leadership development programs, yet our approach is very feedback-poor. Further, our traditional performance appraisal system rewards *individual* competitiveness vice the value of teamwork. Lack of a routine, multi-dimensional feedback system for leadership development, reinforced by a similar multi-dimensional approach to appraisal, appears to be the major weakness in the Navy's approach to modern leadership development.

This assertion is further reinforced in the findings published by the Secretary of the Navy's Task on Personnel (2000).[1] The Task Force assessed Human Resource Management needs for the 21st-century Navy by similarly benchmarking today's top organizations' HRM practices, amongst other methods. Likewise, the Task Force concluded that 360-degree feedback was a "best practice" and recommended its use in the Navy for both individual development and administrative purposes. Further, the Task Force conducted two prototype organization studies (Dahlgren and Newport) to establish

[1] Naval Personnel Task Force, Asst. Secretary of the Navy, Manpower & Reserve Affairs Strategic Planning and Analysis Office, Washington D.C.

HRM policies and practices that aligned with the strategic intent of each organization. Again, it was concluded that both organizations should use 360-degree feedback for development and performance management because the method was better aligned than traditional feedback with their mission, culture, and organizational design.

D. SUMMARY

The best organizations have moved to capture leadership development as a competitive edge. In doing so, they have sought to align the various elements of their leadership development programs: value-based classroom training; on-the-job training; and behavioral sub-systems (evaluation, rewards, promotion, and motivation system). One emerging system used for both leadership development and performance appraisal is 360-degree feedback. A built-in advantage of 360-degree feedback over traditional performance appraisal is its natural emphasis on *team*. Benchmarking studies suggest that 360-degree feedback may be useful to the Navy as both a leadership development tool and a performance appraisal system. Chapter IV will explore this hypothesis through an in-depth research and literature review of 360-degree feedback.

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IV. 360-DEGREE FEEDBACK

A. INTRODUCTION

This chapter presents an in-depth research and literature review of 360-degree feedback. While much has been written about 360-degree feedback, in-depth research on the topic is somewhat limited.[2] Therefore, in my research review, I have included specific research done on the additional dimensions of 360-degree feedback (i.e., upward, peer, self), as well as on 360-degree feedback itself. If these additional dimensions of 360-degree feedback have efficacy as stand-alone feedback systems, then it would follow that combining these dimensions with traditional supervisor input would result in a feedback system that is more effective than traditional feedback alone. As the reader will see, the research tends to support the value of 360-degree feedback for leadership development and performance appraisal. More importantly, it provides lessons learned and important facts on which to base future system designs, and reinforces positive aspects of existing systems. Chapter V will present conclusions regarding the efficacy of 360-degree feedback and its potential benefits.

B. 360-DEGREE FEEDBACK RESEARCH AND LITERATURE REVIEW

360-degree feedback surged into use during the 1990s. Despite its increasing popularity and importance in organizations, very little research on 360-degree feedback has examined its impact on subsequent performance. For example, research has focused on issues such as: between-source (i.e., self-direct report, self-peer, self-boss) agreement (London & Wohlers, 1991); correlates of agreement (Hezlett, Kuncel, & Cochran, 1997);

[2] Many of these findings come from a review of 360-degree feedback research published in an article by Walker and Smither in the Personnel Psychology Review, summer 1999 edition.

reactions to feedback (Bernardin, Dahmus, & Redmon, 1993; Smither, Wohlers, & London, 1995); and practitioner-oriented concerns such as instrument development and administration issues (e.g., Bernardin & Beatty, 1987; London, Wohlers, & Gallagher, 1990; Tornow, 1993; Van Velsor & Leslie, 1991a, 1991b).

Although human resource practitioners expect that 360-degree feedback will help employees change their behavior and improve their job performance, a comprehensive meta-analysis by Kluger and DeNisi (1996) found that feedback interventions in general (i.e., providing feedback concerning individual performance or behavior) do not always improve performance. The average performance difference between groups receiving a feedback intervention and control (no feedback) groups was .41, indicating that, on average, feedback was associated with enhanced performance. However, about one-third of the effects were negative (i.e., the feedback detracted from performance). The fact that some feedback interventions are less than successful points to the importance of understanding when 360-degree feedback is effective and the conditions that enhance or detract from its effectiveness.

1. Upward Feedback Studies (Direct Report Feedback)

Several studies have examined the extent to which performance (as measured by subsequent feedback scores) improves following upward feedback. Hegarty (1974) was the first to report that direct reports perceived performance improvement among supervisors who received upward feedback. In addition, he found that supervisors thought they had become better supervisors as a result of the feedback process. Hegarty's evidence indicated that supervisors change in a positive manner when exposed to their direct report's view.

In a study of upward feedback provided to 48 assistant store managers in a retail clothing chain, Bernardin, Hagan, Ross, and Kane (1995) found that direct report ratings improved over time.

Smither, London et al (1995) examined upward feedback given to 238 managers in the international operations division of a large organization at two points in time, about six months apart. Results indicated that managers whose initial feedback scores were moderate or low improved over the six-month period. Reilly, Smither, and Vasilopoulos (1996) extended the Smither, London study by following 171 of the original 238 managers for a third administration of the upward feedback questionnaire, and 92 of the managers for a fourth administration 2.5 years later. They found that managers whose initial feedback scores were low sustained their performance improvements over the later administrations.

Atwater, Roush, and Fischthal (1995) found that direct report ratings of student leaders at the U.S. Naval Academy improved after they received upward feedback and that leaders receiving "negative" feedback (defined as those for whom direct report ratings were substantially below self-ratings) improved the most.

Johnson and Ferstl (1997) examined self-ratings and direct report ratings from 1,903 managers in an accounting firm at two points in time (1995 and 12 to 18 months later in 1996). They found that over-raters (those who initially rated themselves more favorably than they were rated by direct reports) had lower self-ratings and higher direct report ratings at Time 2 (relative to Time 1). In contrast, under-raters (those who initially rated themselves less favorably than they were rated by direct reports) had higher self-ratings and lower direct report ratings at Time 2 (relative to Time 1). For in-agreement raters (who initially rated themselves about the same as they were rated by direct reports), self and direct report ratings did not change appreciably. These findings were observed regardless of the manager's initial feedback scores. Among managers who did not complete self-ratings, those initially rated low by direct reports improved and those initially rated high declined from Time 1 to Time 2. The cumulative effect of these changes was that gains in performance by over-raters offset declines among under-raters; overall performance (across all managers) did not change from Time 1 to Time 2. Johnson and Ferstl explain this result by pointing out that upward feedback tends to improve performance primarily for over-raters, and that the proportion of over-raters in this study was small. This leads them to conclude that a condition under which upward feedback is beneficial is when the ratee learns that his/her self-ratings exceed the ratings made by his/her direct reports.

Atwater, Waldman et al (1998) collected upward feedback ratings concerning two groups of supervisors from a state police agency during two time periods (separated by ten months). One group of supervisors received feedback after Time 1 (based on random assignment), while the other group did not. Atwater et al found a significant improvement in upward feedback scores over time for supervisors who received feedback at Time 1, but no significant improvement over time for the supervisors who did not. They also found that, among supervisors who received feedback at Time 1, organizational cynicism was negatively related to improvement over time. In other words, a negative attitude toward management and a belief that the feedback program was a waste of time had an impact on acceptance of the feedback and subsequent action (or lack thereof) taken. However, supervisors' acceptance of the feedback was positively related to improvement over time. That is, supervisors who exhibited more openness to the feedback believed that it was honest, valuable, and led to positive subsequent action such as goal setting.

Taken together, these studies indicate that managers generally improve their performance after receiving upward feedback (at least as reflected by subsequent feedback from their direct reports). Managers also credit upward feedback with their performance improvement. Performance improvement was greatest among managers who initially received the most negative feedback, or who initially overrated themselves on self-appraisals, and managers who initially received the lowest feedback were often the same managers who overrated themselves. Finally, several of these studies (Atwater et al, 1995; Johnson & Ferstl, 1997; Reilly et al 1996; and Smither, London et al, 1995) demonstrated that performance improvements were not merely due to the effects of regression to the mean.

2. Latitudinal Studies (Peer Review)

Peer review, defined as the critical review of one's practice by a peer, has been recognized in the literature as a valuable tool in the performance evaluation of staff (Mitchell, Hunt, Johnson, Ovitt, 1995). Peers feel more empathetic in evaluating each other's performance because they face the same external constraints on high performance (Brettenhausen & Fedor, 1997). Co-workers are active observers of one another.

Peer evaluations have been found to be valid and credible (Bettenhausen & Fedor, 1997). A ten-year study of peer reviews at the San Francisco Medical Center described the benefits of peer review as increased accountability, improved quality of performance, and promotion of self-regulation. In addition, the environment created by peer review was described as one in which professionalism was supported (Mann, 1990).

The self-managing context of team-based organizing also suggests that team members themselves can play an important role in enhancing and sustaining team effectiveness. In fact, organizations have reported the successful use of peer feedback in team settings as the basis for both development and administrative uses (Ramsay and Letho, 1994; Zigon, 1994). Domick, Reilly, and McGourty (1997) found that peer feedback in a team setting showed significantly higher ratings not only for participants who received feedback, but also for raters who were exposed to the instrument through completion of self-ratings and providing feedback. For the latter, just the anticipation of receiving similar feedback was enough to promote behavioral change. Further, peer reviews conducted in team settings were preferred over one-on-one sessions. Ranking was seen as counterproductive to the team enhancement purpose of peer review, and customer feedback (active input, not just survey data) was seen as more valuable in a team setting than the input from supervisors. The team environment appears to enhance an individual's sense of mutual commitment and contribution to the team's goals. This research generally concludes that feedback from peers in team settings has greater influence on recipients than does feedback from supervisors.

Brettenhausen and Fedor (1997) note that the solidarity of a work group could shield one from arbitrary actions of a supervisor. However, they also point out that if co-worker relations are poor, retaliation is more subtle and generally not subject to judicial appeal. This suggests one reason why some employees believe that peer appraisal is more likely than upward appraisal to have negative outcomes. In addition, studies of the user acceptance of peer reviews showed a generally low rate of acceptance (Fedor, Bettenhausen, Davis, 1999), most notably when the systems were used in an administrative capacity. Brettenhausen and Fedor further note that high performers seem to be more discriminating than low performers towards peers. Liden and Maslyn (1993) found that peers may be reluctant to evaluate each other because such ratings may disturb a positive group climate.

Nevertheless, peer reviews tend to have a higher level of satisfaction and perception of fairness than do traditional appraisals (Hitchcock, 1996; Barclay & Harland, 1995; McEnvoy, Buller & Roghaar, 1988). Jordan and Nasis (1992) found in a study of registered nurses that ratees preferred ratings from peers, self and supervisor over ratings from direct reports, because direct reports were perceived as not understanding the constraints they faced.

Overall, peer review appears to be effective at modifying behavior, as evidenced by increases in performance ratings. Peer review is enhanced in team settings and in a development environment. Yet, when used for administrative purposes, it was still seen as superior to traditional performance appraisals. Peer review is effective because users generally respect their colleagues' level of expertise (rater competence). Feedback from peers influences people to improve because they seek the esteem of their co-workers.

3. Self-Ratings

Self-ratings are a possible addition to the multiple perspectives gained from 360-degree feedback. The act of evaluating one's own effectiveness can more fully involve the focal individual in the rating process (Crystal, 1994). Research on self-other agreement suggests that acknowledging discrepancies between one's self-assessment and the views of others is an important step in leadership development (Dalton, 1996; McCauley and Moxley, 1996). McCauley and Moxley go on to conclude that: 1) people can learn, grow, and change to become better leaders and managers; 2) self-awareness is the cornerstone of development; and 3) development is an ongoing process intricately related to work.

According to Thornton (1995), a preponderance of these studies have found that self-ratings tend to show greater leniency, less correlation with other sources, more halo effect (generalization from the perception of one outstanding personality trait to an overly favorable evaluation of the whole personality), and less reliability than ratings from counter-positions. Self-esteem plays a large part in leniency bias. Farh and Dobbins (1989) found that people with high self-esteem exhibit more leniency bias than do people with low self-esteem. In a military setting, Fox and Dinur (1988) demonstrated that self-ratings are significantly related to evaluations by peers and commanders, and that self-ratings are less affected by halo than are ratings from feedback providers. Over a two-year period, results showed that self-ratings' validity was low, but significant for predicting success. Their findings support the idea that individuals have the capability to reliably evaluate themselves in a manner similar to others and in a way that can predict subsequent performance.

Self-ratings have an inflated bias (Shapiro and Dessler, 1985), but are more highly related to the average of co-worker ratings than to the ratings provided by any single co-worker (Wohlers and London, 1989). Comparisons with appraisal from supervisors, peers, and direct reports suggest that self-appraisals tend to show more leniency bias, less variability, and less discriminate validity (Thornton, 1995). However, feedback-based self-appraisal (i.e., self-appraisal with instructions referencing supervisory feedback) exhibits significantly smaller leniency error, greater total rating variance, and more agreement with supervisory ratings.

Besides creating "buy-in" to the process, self-ratings offer the opportunity to compare ratings from different sources (360-degree feedback inputs and normative data). Another study found increases in skill and higher *self/co-worker* agreement two years after receiving 360-degree feedback (Hazucha, Hezlett, & Schneider, 1993). One of the underlying principles of 360-degree feedback is that clear self-perception is an important element for effective leadership development. Multi-rater feedback brought to the forefront the issue of whether or not self-other agreement has any impact on individual effectiveness outcomes. Research has empirically demonstrated that self-other ratings are related to individual and organizational performance outcomes.

Atwater, Ostroff, Yammarino and Fleenro (1998) collected data from 1,460 managers who participated in leadership development programs (data included 1,460 self-ratings, 3,939 direct report ratings, 3,958 peer ratings, and 1,012 supervisor ratings). Atwater et al concluded that results from polynomial regression analysis revealed the relationship of both self- and other ratings to performance outcomes. The study revealed the underlying three-dimensional relationship among self-ratings, other ratings, and effectiveness. Results indicated that effectiveness is highest when both self- and other ratings are high and when self-ratings are substantially lower than other ratings (severe underestimation). In other words, simultaneous consideration of self- and other ratings is important. Effectiveness is lowest for over-estimators when self-ratings are moderate and direct report ratings are low. Further, effectiveness tends to increase for underestimators and decrease for overestimators. To clarify this point, Atwater et al explain that self-other agreement is most relevant to outcomes that involve human perceptions and less so to outcome measures. Overestimation can be considered almost "trait-like" in that it may represent variables such as arrogance and lack of self-awareness. Lack of self-awareness is most likely to impact interpersonal relationships than productivity goals. (For example, Navy pilots being considered for promotion are evaluated on flying prowess and leadership potential (amongst other traits). Overestimation may not be related to the number of landings aboard an aircraft carrier, but is related to judgements of leadership potential.)

Self-rating is a very important part of the 360-degree feedback process, even though ratings by others may be more accurate (Harris & Schaubroeck, 1988). Self-ratings require introspection, the process of looking inward and evaluating where one stands in relation to some effectiveness standard. In this context, 360-degree feedback can be the first step toward the recipient's personal development. As managers sit down to fill out a questionnaire about their own effectiveness, they begin to think about and reevaluate their own situation (Brutus, Fleenor, & London, 1998). Personal involvement can positively affect the implementation, administration, and impact of 360-degree feedback because employees place more trust in a process in which they are a factor (Edwards C, 1995). This trust can lead to higher acceptance of feedback (Budman & Rice, 1994; Vinson, 1996).

In short, self-ratings are effective for creating behavior change, but the process is greatly enhanced when self-ratings are compared with feedback from other sources.

4. When is 360-Degree Feedback Effective?

Functionality is important. Too much feedback to comprehend is a disincentive to the ratee, while an overly complex and lengthy feedback instrument is a disincentive to the rater and, therefore, hurts quality of input (DeNisi, 2000). DeNisi also offers evidence that use of computer or web-based 360-degree feedback systems are more effective than traditional paper instruments. Ease of use and confidentiality were cited as possible explanations.

Practitioners agree that the main reason for using feedback mechanisms of any kind is behavior modification. Locke and Latham (1990) have shown that the cause of behavior change is not feedback alone, but the goals that people set in response to feedback. This suggests that performance improvements will depend on the extent to which managers use the feedback report to set performance improvement goals and monitor progress toward those goals.

Research has shown that some managers improve more than others (e.g., those with initially low scores, especially when those scores are below their self-evaluations).

This finding supports the idea that goal setting is important; that is, these managers may be more likely than others to set goals for personal improvement because the feedback suggests a gap between their personal goal and their current behavior. These studies, however, have not examined what managers actually do with the feedback.

In this context, London, Smither, and Adsit (1997) point out that managers often receive 360-degree feedback solely for developmental purposes and are not accountable for doing anything with the feedback. They argue that 360-degree feedback is likely to have limited impact when managers are not accountable for using the feedback to guide performance improvement and that lack of accountability may be the Achilles' heel of 360-degree feedback programs. The authors state that accountability involves accepting and meeting one's personal responsibilities, being or feeling obligated to someone else or oneself, or having to justify one's actions to others about whom we care. They also note that accountability may be driven by internal forces (such as the desire to gain approval, avoid embarrassment or meet an obligation) or external forces (such as financial outcomes).

In addition, London et al conclude that those involved in 360-degree feedback appear to want low accountability from themselves, but high accountability from others. For example, raters prefer that their ratings remain anonymous (London, et al, 1990), whereas ratees prefer to know the identity of individual raters (Antonioni, 1994). Anonymity increases feedback effectiveness because raters feel less threatened by the process. At the same time, ratees prefer the feedback to be confidential (i.e., not shared with the ratee's supervisor) and not used to influence formal appraisals. In other words, trust in the validity and confidentiality of the feedback has a direct effect on the ratees' comfort with the process. Trust and acceptance of the input affects the ratees' willingness to act on the feedback and, hence, potentially improve their behavior. However, research indicates that follow-on behavioral improvement is contingent upon holding the ratee accountable for acting on feedback received.

a. Ratee Accountability

Although research devoted to the accountability of raters has increased (Antonioni, 1994; Hauenstein, 1998; Kozlowski, Chao, & Morrison, 1998), almost no attention has been directed to the accountability of ratees to use feedback to guide performance improvement efforts.

Literature indicates that the most common application of 360-degree feedback is for developmental purposes. However, in this use, ratee accountability is likely to be low (London et al, 1997; London & Smither, 1995). London et al note that when feedback is used only for developmental purposes, it is generally given only to the ratee (not shared with the supervisor), and ratees are not required to discuss or share the feedback with others. Because many programs (about 40%) collect and provide feedback only once, ratees do not expect that they will be rated again by their coworkers. These programs also do not require ratees to participate in specific developmental or training interventions in response to the feedback (London & Smither, 1995; Timmreck, 1995). This points to the need for goal setting with accountability for results. While envisioning the future through goal setting is an important aspect of an effective 360-degree feedback system, goals alone are not good enough. Research on self-regulatory systems concludes that a positive outcome focus yields greater individual persistence and performance in terms of actual goal attainment (Higgins et al, 1994). Goal setting with accountability for results yields the greatest impact for a given 360-degree feedback program.

Dalessio (1998) describes several approaches that may increase the ratee's accountability for using feedback to guide performance improvement. For example, Dalessio suggests that the feedback report be provided to the ratee in a confidential manner (i.e., the report would not be shared with the supervisor). However, the ratee would be required to use the report to construct a development plan that *would* be shared with the supervisor. The supervisor could subsequently evaluate the extent to which agreed-upon developmental goals were achieved.

London et al (1997) suggest that ratee accountability could be increased by encouraging (and training) ratees to discuss their feedback results with raters (e.g., direct reports, peers), asking raters to clarify the feedback, and having ratees commit publicly to changing their behavior.

Walker and Smither (1999) examine the extent to which holding such feedback meetings with direct reports is associated with performance improvements following 360-degree feedback. There are several ways that holding such meetings could affect subsequent performance. For example, discussing feedback with information sources could affect: 1) depth of processing (requiring the ratee to think about the feedback); 2) goal setting (encouraging the ratee to set goals for behavior/performance improvement); and 3) goal commitment (publicly committing to improvement goals and behavior changes make the ratee less likely to dismiss the goals). Feedback meetings also provide an opportunity for raters to clarify their written feedback and offer specific, constructive suggestions for behavior change and performance improvement. The ratee may expect better cooperation (e.g., effort, receptiveness to instructions) from raters if the ratee is visibly responsive to the issues discussed and suggestions offered during such feedback meetings.

Holding a meeting to discuss feedback results may also create a more supportive context for the manager's change efforts. Direct reports and peers who are familiar with the manager's developmental goals may feel more empowered to provide ongoing feedback to the manager. They could be more forgiving of the manager's mistakes as he or she tries to improve, and they may respond better to the manager's new behaviors because they understand their underlying intent.

The literature also suggests that holding meetings to discuss feedback may help managers better understand the reasons for any unfavorable ratings (negative feedback) they received. Ashford and Tsui (1991) have shown that seeking negative feedback can enhance a manager's self-awareness. They point out that this should help managers better regulate and adjust their behavior. They also found that asking for negative feedback enhanced others' opinions of the manager's overall effectiveness, whereas seeking only positive feedback damaged others' opinions.

Walker & Smither (1999) conducted a study over a five- year period to determine the effect of upward feedback on actual follow-on performance of ratees. They studied a large bank that believed it could strategically set itself apart from its competition by developing strong leaders. Survey data were primarily developmental, but the ratees were required to share their data with their supervisors so that they could help guide the ratees' follow-on development. Their results showed that managers who were initially rated poor or moderate showed significant improvements in feedback ratings over the five-year period, and that these improvements were beyond what could be expected due to regression to the mean. They also found that managers who met with direct reports to discuss their upward feedback improved more than other managers, and managers improved more in years when they discussed the previous year's feedback with direct reports than in years when they did not discuss the previous year's feedback. These findings highlight the importance of accountability through supervisor involvement; discussions with supervisors and/or raters point to the importance of relationship building. Relational commitment is an important element of effective 360-degree feedback systems.

Lastly, the Army has introduced 360-degree feedback in schools at the Captain, Major, and Lieutenant Colonel levels with varying degrees of success. However, Army officers working at the Rand Corporation have introduced 360-degree feedback at two war-fighting Brigades, and the results far exceeded initial expectations. Participants credited *the direct report dimension* of 360-degree feedback and an environment in which *leadership was really being practiced* for generating a 90% willingness to change behavior in the targeted leaders as a result of the feedback. More significantly, in follow-up research conducted three months later, direct reports, peers, and superiors reported a noticeable positive change in the leadership behavior of nearly 70 percent of the targeted leaders (Cunha, 2000).

The extent to which an organization can garner a positive effect from 360-degree feedback seems to be constrained by the use of the data. Central to this concern is the argument over using 360-degree feedback as a performance appraisal tool for administrative decisions versus purely as a developmental tool. Since researchers and practitioners are so divided over the issue, it merits additional discussion.

b. Development versus Administrative, or Both?

360-degree feedback has two main purposes: 1) as an individual management and leadership development tool, and 2) as a means to help the organization uncover who are its best performers (Heneman, 1992). In other words: feedback for development and/or feedback for performance appraisal. Is it possible to have one appraisal system do both?

There is considerable debate in the management field about 360-degree feedback's use for development and/or administrative purpose. Organizational design experts have long argued that "administrative" feedback should be separated from "developmental" feedback (Maier, 1973). In fact, the most common use of 360-degree feedback is as an individual development tool (Bracken, 1994; Timmreck, 1995). Yet, organizations today are increasingly using 360-degree feedback systems as the basis for determining merit and compensation (London & Smither, 1995; Timmreck, 1995). The trend seems to be that organizations introduce a 360-degree feedback system as a development tool, and as employees become comfortable with the concept, it becomes tied to or replaces existing evaluation systems. Data are gathered in a similar manner for both uses of 360-degree feedback. The difference, however, is in who actually owns the data (Dalton, 1996). When 360-degree feedback is used for development, the feedback is given only to the ratee (and, perhaps, to a third-party facilitator). However, when the feedback is used for performance appraisal, the data must be given to the ratee's supervisor.

Crystal (1994), Dalton (1996) and Edwards (1995) believe that 360-degree feedback should not be used for appraisal purposes. Their contention is that this effects how the raters actually evaluate the ratee. Research has shown that raters are affected by the knowledge that their ratings can influence another's career (Lublin, 1994). In addition, if a person knows that their supervisor will see the results, this also effects their own self-ratings. The effect on both aspects, self- and co-worker ratings, is that ratings tend to be inflated (Antonioni, 1996).

Jones and Bearly (1996) further illustrate the difference between development and administrative appraisal. They argue that, on the one hand, assessments used for development tend to concentrate on competencies or behaviors and often involve predictive evaluation of future behavior. Performance appraisal, on the other hand, tends to quantify past performance specific to the employee's particular job. Because performance appraisals are past-oriented, they can more easily be affected by rating bias and may not provide the depth of feedback necessary to improve performance. In fact, performance appraisal in general is inadequate for encouraging development, career planning, or performance improvement (Hazucha, Hezlett & Schnieder, 1993; Williams & Levy, 1992). Conversely, when appraisal is used for development, the information may not be useful for administrative purposes (Kennedy, 1993).

The literature indicates that, despite the multiple viewpoints included in a 360-degree assessment, feedback collected for performance appraisal is still typically interpreted by a single person or management committee for pay or promotion. The decision maker is responsible for interpreting assessment data to make decisions. According to Bernardin, Dahmus, and Redmon (1993), users of 360-degree feedback for performance appraisal feel that the assessment makes the evaluation more fair, yet evaluations are subject to bias, and there will be errors in judgement. However, McGarvey and Smith (1993) point out that an advantage of using 360-degree feedback for appraisal is that multiple sources of feedback may cancel out those biases and provide a more well-rounded picture of the employee's past performance. Further, they argue that using 360-degree feedback for appraisal will promote the acceptance of decisions because the information provided is more complete.

Some organizations have tried to use 360-degree feedback for both leadership development and performance appraisal (Dunnette, 1993; London & Beatty, 1993; DeNisi, 2000). This reflects an emerging trend of organizations attempting to maximize the potential benefit of 360-degree feedback. The literature recommends that 360-degree feedback first be used for development so that people can acclimate themselves to the new system (Jones and Bearly, 1996). Then, the system can slowly be administered for other organizational purposes. This ensures that the feedback will be accepted for both developmental and decision making purposes (Romano, 1993). However, the transition from development-only to administrative appraisal is a big leap, and many organizations fail because they fail to comprehend who owns the data (ratee or boss) and what is at stake for the ratee (Lepsinger & Lucia, 1997). According to Harvey (1994), Yukl and Lepsinger (1995), it may be more appropriate to devise a separate assessment for each purpose because feedback gathered for development is not necessarily applicable to pay or promotion decisions. In fact, as noted earlier, more and more organizations are doing just that.

Within the debate over 360-degree feedback's use for development and/or administrative purposes, there are considerations that should be made to enhance feedback effectiveness. For developmental use, certain factors should be taken into account relating to both the organization and the individual. On the organizational level, development should be encouraged and supported (Denton, 1994). After identifying the person's development needs, the organization must play an active role in his or her development process (Bracken, 1994). This support can range from a simple show of support to extensive and tailored training (Yukl and Lepsinger, 1995). The literature also suggests that individual development requires a culture in the organization that encourages such personal action.

Effectiveness as a performance appraisal tool also involves follow-up. When the feedback is linked to pay and promotion, an appeals process may be necessary (Mohrman, 1990). This gives employees more comfort with the system because they have an opportunity to react to the feedback and the decisions based on it. Lastly, because performance appraisal focuses on past performance and behavior, it should be followed up with Individual Development Plans or, at a minimum, suggestions for improving performance (Hirsch, 1994).

A unique aspect of a 360-degree feedback appraisal system versus a traditional (supervisor-only) system is the risk of rater non-participation (Westerman and Rosse, 1997). Because the rater's inputs are confidential, there is no way to enforce participation. Westerman and Rosse indicated that raters must feel confident of anonymity, comfortable with their knowledge about the ratee, unpressured, and secure in their role of rating superiors. In addition, DeNisi (2000) points out that both rater participation and the quality of rater input are functions of the "ease of use" of the instrument (i.e., keep it simple).

Summarizing the development versus administrative argument, 360-degree feedback performance appraisal systems evaluate *what* a person has done, vice feedback for development, which addresses *how* the employee gets things done. The literature suggests that if 360-degree feedback is to be used for both purposes, it should be collected and interpreted according to its intended use. As a development tool, the ratee is the focus. 360-degree feedback is more effective for development than for appraisal because there is little or no fear of retribution. Yet, when compared as an appraisal tool to traditional performance appraisal, 360-degree feedback is more effective because it not only gives the ratee clearer feedback, but it also gives the organization a clearer picture of who are its best performers. Therefore, this suggests that separate 360-degree feedback systems, one for development and one for performance appraisal, may be the best way to maximize this tool.

All the aforementioned research offers evidence to indicate that the additional dimensions of 360-degree feedback (upward, peer, and self) alone have an effect on behavioral change and performance improvement. Combining the validity of each stand-alone instrument into a multi-rater instrument further enhances the feedback provided because multiple sources create greater credibility. In this form, 360-degree feedback has also been shown to be an effective feedback tool for individual growth and performance improvement. 360-degree feedback is effective for modifying behavior, enhancing self-awareness, and improving one's relationships and team-building ability. These qualities are most applicable in team-based environments.

The results of this research data give organizational leaders insights as to when 360-degree feedback is effective and what conditions enhance its effectiveness (Chapter V presents conclusions). With these insights in mind, planners can move into the next phase of 360-degree feedback - design and implementation.

C. DESIGN AND IMPLEMENTATION CONSIDERATIONS

There are several important considerations when contemplating the use of a 360-degree feedback system. Thus far, we have discussed its intended use. Should the system be used for development or administrative purposes, or both? In addition, what is the intended *focus* of the system? The intended focus of a 360-degree feedback system has an impact on its design.

The focus of a 360-degree feedback system refers to the instrument's ability to give voice to the raters involved. For example, a traditional appraisal system empowers the supervisor. By adding peers, direct reports, and, sometimes, customers, the supervisor's role is reduced, while the other dimensions are empowered. When considering degrees of empowerment for managers, employees, or customers in a 360-degree feedback system, the most significant factor is who controls the data evaluation component. To understand which focus is correct, it is important to take a systems perspective of the organization to determine how a 360-degree feedback system should fit. In other words, how well does the 360-degree feedback system fit with the *environment, control required* by the work, and *task interdependence*?

Following Jackson and Greller (1998), a manager-centered 360-degree feedback system would work best when the *environment* is placid, when *control required* by the work is high, and when *task interdependence* is low. At this end of the spectrum, we are likely to find a bureaucratic structure that relies on formal rules and regulations to define appropriate behavior and performance (Greenburg, 1996). Jackson and Greller argue that in a stable environment, a manager-centered 360-degree feedback program can provide highly reliable measures because the multiple observations will be relatively consistent. Responsibility is vested in the chain of command; therefore, a 360-degree feedback system in this archetype would have to support the hierarchical authority (Jackson & Greller, 1998; Green & Welsh, 1988). This can be accomplished by weighting the manager's input more heavily or by simply including the 360-degree feedback as input to the traditional appraisal.

Towards the other end of this spectrum, an employee- or customer-centered 360-degree feedback system would fit when the *environment* is turbulent, when *control* *required* by the work is low, and when *task interdependence* in high. In a turbulent environment, more organizational interaction is required to keep up with the pace of change. Jack Welch, CEO of General Electric, calls this type of organization a "boundaryless organization." This is an organization where chains of command are eliminated, spans of control are unlimited, and rigid departments give way to empowered teams. Feedback from different stakeholders provides unique information about reactions to changing conditions (Spencer, 1994). In high interdependence settings, people must work together closely. This system uses culture, values, commitment, honor, and norms to control behavior. Esprit de corps is high and membership in the group is valued. Knowing how other members of the team view the individual's performance allows each member to coordinate future behavior (Saavedra, Early & Van Dyne, 1993). In this environment, weighting the input from peer, direct report, and/or customers can help shape the focus of the 360-degree feedback system.

When taken as a whole, a systems perspective is required to evaluate the philosophic consistency of choosing to do 360-degree feedback or when choosing what type of 360-degree feedback system is appropriate. An organization's environment, internal design factors for control, task interdependence, structure, culture, and desired outcomes must all be aligned, or the internal contradictions with 360-degree feedback will be problematic. The 360-degree feedback system must be tuned, in both content and focus, to fit comfortably with the existing organizational characteristics (Jackson & Greller, 1998). This suggests the need for a flexible feedback system in a large organization, such as the Navy, which has multiple conceptual schemes and levels of task interdependence scenarios.

1. Components of Feedback: Data, Data Evaluation, and Action

There are at least three components to any feedback system: *data, data evaluation,* and *action* (Carver & Scheier, 1981; Larson, 1984; Lord & Levy, 1994; Powers, 1973). These are common components of 360-degree feedback, but they are often treated as a single package. How these three components are enacted depends on the intended purpose of the 360-degree feedback system. Congruence between whom is responsible for each of the three components and the intended focus of the system is an element for success with 360-degree feedback (Jackson & Greller, 1998).

Data are facts regarding observable actions or consequences. 360-degree systems may be judged in terms of the accuracy, completeness, and appropriateness of the data they capture. Data report what happened in terms of behaviors and facts surrounding an individual. Presented alone, data are meaningless. Someone still has to judge the meaning and value of the data. This is data evaluation.

Data Evaluation is the way the 360-degree feedback system reacts to the facts. Jackson and Greller point out a critical question in 360-degree feedback systems: who should evaluate the data? Usually the person providing the data (a counselor, for instance) also does the evaluating; however, that need not be the case. Different data evaluators can, of course, come to very different conclusions about the same performance data. Managers may evaluate data differently from co-workers and direct reports. The extent to which the source of the data also provides the evaluation depends on the extent to which the organization is committed to satisfying the source of information. In other words, this depends on the intent of the 360-degree system - to empower managers, employees, or customers.

The 360-degree feedback system must include a dimension that ensures follow-on *action*, both individual and organizational. Any feedback system in which data and evaluation do not influence action would not be an effective system. As discussed earlier, the ratee's accountability for follow-on action is considered a key success factor for 360-degree feedback. For the individuals, Individual Development Plans (IDP) should address strengths and needed improvements and be initiated by the person being evaluated. Usually, the IDP is developed with, or at least approved by, the supervisor. For the organization, follow-on action may include various administrative actions, such as new job assignments, promotions, pay decisions, rewards, and training. How involved the various sources of information become in determining follow-on action will depend upon how well the information source shares management's goals, has appropriate expertise, and appreciates the competing priorities the individual faces. It may be necessary to involve information sources if the subsequent actions are highly interdependent and require coordination with the people providing the information (Jackson & Greller, 1998).

As stated earlier, all three components (data, data evaluation, and action) are necessary to a successful 360-degree feedback system. Also, the intended focus of the 360-degree feedback system determines how involved the information source or the stakeholder becomes as a data source, evaluator, or guide to future development.

After weighing the design considerations, the next step is to address the concerns and risks of 360-degree feedback implementation. As with any change to an organization, the most common question asked will be "why?" Fortunately, there is enough research on previous 360-degree feedback efforts to address common concerns and risks. Addressing concerns and alleviating risk prepares the organization for a successful 360-degree feedback implementation.

2. Addressing Concerns and Risks

This section will present practical answers to some common concerns. The answers are based on the aforementioned research, with some new evidence from examples of 360-degree feedback in use, as presented by Edwards and Ewen, (1996), and Waldman and Atwater, (1998).

360-degree Feedback creates a popularity contest, where fear of retribution makes sociability more important than performance. Popularity bias is the single most often raised concern about 360-degree feedback. However, traditional appraisals have been constantly criticized as a political or popularity contest with the boss. Edward and Ewen (1996) note a study done at Disney in which 122 employees in the merchandising division of EPCOT Center took part in 360-degree feedback. The study used both job-related competencies and a "hold-out" construct - popularity. The findings showed that popularity was only modestly associated with performance, with a correlation factor of .34, while all other job-related criteria had more than double the .34 correlation with performance. An additional concern is that poor feedback to someone, especially to bosses, will cause retaliation. In response to this, organizations using 360-degree feedback have gone to great lengths to ensure rater anonymity. For example, some do not provide feedback reports to managers unless the manager has a sufficiently large enough scope of responsibility, perhaps six or more direct reports. Random selection of raters and automated systems that use encrypted software and firewalls are standard features of 360-degree feedback systems in use today.

360-degree Feedback will reward the "nice" people who don't do any work. Edwards and Ewen (1996) note that surveys of supervisors using 360-degree feedback for administrative purposes report strong correspondence between competencies and results. At Arizona Public Service, 44 word processors were evaluated on their behavioral competencies using 360-degree feedback. Unbeknownst to the workers, a separate evaluation was done using the number of keystrokes as a measure of work performance. The results showed a strong agreement between the two sets of data (correlation factor of .87). In fact, one worker was identified as very productive in terms of the keystroke performance measure, but 360-degree feedback found her to be very disruptive when she interacted with others. Hence, 360-degree feedback identified not only those who were most productive, but also those who did their job (and those who did not) while supporting the organization's desired behavioral competencies.

Some people will be defensive toward 360-degree Feedback and never change. According to Edward and Ewen, this is probably true. Unless the ratee acknowledges the feedback as valid, he or she will make little attempt to make any changes. Additionally, defensiveness may create barriers to acknowledging future feedback received from 360-degree feedback results or, worse, informally from daily encounters on the job. This can be addressed by ensuring that the feedback is presented properly. Counseling, training, and facilitation of feedback interpretation are seen as the minimum requirements necessary to help respondents learn from the experience. The danger of merely sending a ratee a report with no discussion underscores the need for training. However, as research demonstrates, most people find the combined feedback from 360-degree appraisals to be highly motivating. Most people are very sensitive to the esteem of their teammates. Particularly in a "clan" setting such as the military, 360-degree feedback can be very effective for constructive behavior modification.

Lowered Self-esteem. Given that people have natural defense mechanisms to support their own self-perceptions, a low 360-degree feedback rating could be quite unexpected and be a real blow to someone's self-confidence. Waldman and Atwater (1998) report that, in most cases, these negative feelings about oneself are a temporary coping response that allows the ratee to later respond with an action plan to improve. We established earlier that research has shown the degree to which a person is self-aware is directly correlated to effectiveness as a manager and leader. This must be part of the communicated purpose of the change to a 360-degree feedback system, and again, underscores the need for training on how to give and receive constructive feedback.

Why bother if 360-degree feedback often gives results that are no different from what you already know from a traditional appraisal? According to Edwards and Ewen, traditional appraisal systems, over time, don't show a distinct difference between high, medium, and low performance (grade inflation). The peer dimension of 360-degree feedback has been shown to be the most honest and rigorous aspect of this feedback system. Further, 360-degree feedback has been shown to be more fair with regard to age, gender, and race. By including the input of direct reports and peers, 360-degree feedback can capture the quiet contributors, non-politicians, internal trainers, and creative champions that a supervisor may not have the opportunity to observe.

Expectations For Change Not Met. The fanfare associated with introducing a change such as 360-degree feedback is an invitation for unmet expectations. Individual expectations for change and growth, as well as expectations for the organization as a whole, must be managed. Employee dissatisfaction with 360-degree feedback can be unwittingly fueled when heightened expectations for change are not realized. This needs to be addressed at the beginning by clearly delineating the intentions of the program, how 360-degree feedback aligns with the organization's values, and the expected outcomes of the program. John Kotter, in his book *Leading Change*, says the number one failure of all change efforts is lack of good communication (Kotter, 1996).

It's too expensive. This perspective discounts the cost of running the current traditional appraisal system, plus the opportunity costs of having an old performance evaluation tool that is disliked and is a driving factor in poor retention. In addition, the use of web-based, or automated, 360-degree feedback systems gives organizations the opportunity to completely re-engineer their appraisal process. Edwards and Ewen found that, for manual systems that once took four people per 1000 users, automated 360-degree feedback systems typically run one person per 2000.

The process takes too much time. Any organization that wishes to start a 360-degree feedback program will have to invest some up-front time in training. Typically, this takes three to six hours per person. Some employees worry that they will be asked to complete too many surveys. This, too, can be built into the system. The key is to make sure the design team is oriented towards producing a system that is easy to use and is not a burden on the organization for the value it returns. Westinghouse found that its 360-degree feedback process required less evaluation time than its traditional appraisal. For supervisors, Westinghouse found the following:

	Traditional	360-Degree Feedback
Time Required:	two to four hours	15-30 minutes

For non-supervisory personnel, the time was 10 to15 minutes, but since each person receives four or five other inputs, the total response time per completed feedback was around 90 minutes.

Different respondents are going to use the rating scale differently. A two-team test was conducted at Gulf Oil, Arizona State University, Westinghouse, Dow Chemical and Bell of Pennsylvania, in which participants where asked to choose two teams of raters. Results showed that, nine times out of ten, the dual teams provide composite results that are within 7% of one another. The Navy uses a composite score method in its current evaluation system to track the reporting senior's average. Automated systems provide the opportunity to track all personnel's average scoring, which, when combined on an evaluation team, produces a *team rigor index*. This safeguards the consistency of various team results, so that the ratee and the organization can know if any particular evaluation team was, by chance, tougher than others.

People will select their friends to be on their evaluation teams. Again, automated processes possess the capability to statistically identify outlying scores and remove both the highest and lowest marks. Also, automated systems have the capacity to choose randomly from pre-determined groupings. Possibly the best response to this is another example from Disney. Disney asked participants who were skeptical about the 360-degree feedback process to select two teams - one made up of friends, or the "Snow Whites," and one made up of non-friends, the "Grumpies." Of the 22 people selected, only two received behavior profiles that differed by more than 7% on the composite score.

There are hazards associated with introducing and running a 360-degree feedback system. Generally, these concerns and risks are the result of normal human anxiety responses to change. The Upward Feedback Forum, a consortium of organizations using

360-degree feedback, have joined together to share and discuss their experiences and to learn from the process (Timmreck & Bracken, 1997). The forum offers the following general guidelines for instituting a 360-degree feedback system:

- Ensure that sponsors have clear expectations for the purpose.
- Ensure that sponsors have a clear understanding of the implications of their process design decisions.
- Use pilot groups.
- Train the raters and the ratees.
- Train managers who will use the data for decisions.
- Hold raters accountable for their input.
- Involve raters in feedback and action planning.
- Hold ratees accountable for feedback and action planning.
- Implement follow-up processes to ensure compliance.
- Provide adequate resources for coaching, counseling, and skill development.

If people do not understand the value of 360-degree feedback to an organization, then they will fear it. As discussed in Chapter II, trust is the basis upon which all relationships are formed. This is equally true in an aggregate sense for organizations. Employees need to have a basic trust in the upper leadership of their organization; otherwise, 360-degree feedback may be met with skepticism, and, at worst, hostility. Understanding and addressing these concerns and risks is the first step towards successfully implementing 360-degree feedback.

As more organizations undergo the organizational transition from industrial economy to the Information Age, so must our view of leadership change. The de-layering of organizations, emphasis on teams, and customer-driven processes require more and more employees to answer the personal call to leadership. Employees need to take on more initiative and responsibility. This is in contrast to the traditional task of management and leadership, which has normally been viewed as the work of a select few, formally designated by title. In today's organizations, every employee becomes a leader. Thus, 360-degree feedback becomes an important leadership development tool that enables employees to enact their new leadership roles.

Leadership is a process that takes place within a group. It is more than just a set of traits or competencies, but a relationship-building process that enables people to find meaning in what they do (Drath and Palus, 1994). The research presented on upward feedback showed that supervisors not only improved with input from direct reports, but also directly attributed the improvement to the feedback. Greater mutual respect was developed as a result. The studies presented on peer feedback indicated similar findings. Peer reviews were shown to have the greatest impact because ratees valued the input of their co-workers. People want the esteem of their teammates. Finding meaning in other people's work perspectives and expectations, then, becomes an important leadership activity. 360-degree feedback allows people whose work is interdependent to make sense of the work they do. They can see how the work of each individual affects what others do, as well as the context in which the work is done. They can see the relevance of their work to the organization and its mission.

Allowing employees to find meaning in their work is an important psychological job-design and job-enrichment principle (Hackman and Oldham, 1980). This sense of meaning is greatly facilitated when employees obtain 360-degree feedback from those who have a significant stake in their work. 360-degree feedback allows employees to understand the impact and value of their work on others and to see how others perceive their strengths and weaknesses. Finding meaning in one's work and through others has always been an important leadership challenge. 360-degree feedback can directly address and institutionalize this change (Thornow, 1998). 360-degree feedback is a team-building tool.

Organizational psychologists and management researchers, such as Susan Ashford, have made the case that seeing oneself as others do is important to an individual's psychological health and, in turn, to one's ability to work successfully with others in organizations (Waldman & Atwater, 1998). In addition, the research I presented about self-appraisal concludes that accurate perception of self is the first step to authentic leadership. When reviewed in conjunction with the input from the other dimensions of 360-degree feedback, self-appraisal greatly enhances the chances and magnitude of the ratee's behavior change. 360-degree feedback builds self-awareness.

Performance management is certainly more complex today. Thus, leadership development must change accordingly. Instead of receiving guidance and priority setting from just a supervisor, the employee is faced with multiple demands from multiple constituencies. It is no longer sufficient to receive feedback only from one's supervisor. Individual accountability to the multiple dimensions in the workplace is an increasing requirement in the 21^{st} century. One of the strengths of 360-degree feedback is that it excels at providing not only self-awareness, but also accountability to others—that is, it builds relational commitment. 360-degree feedback is a relationship-building tool.

Another encouraging aspect of 360-degree feedback is that there is a high degree of satisfaction from employees with the process (Handy, Devine & Heath, 1996; Bohl, 1996; Edwards & Ewen, 1997). Perhaps part of the reason is that people do not like their old evaluation systems. In one survey, nearly 75% of companies queried said they were so dissatisfied with their traditional system of appraisal that they have made major changes, or are planning to do so shortly (Stamps, 1995). This suggests that the move to 360-degree feedback comes in response to the need to find a performance management system that better fits the individual's needs for leadership development and supports the challenges of running an organization in the Information Age.

For our military context, perhaps the most insightful research on 360-degree feedback as a leadership development tool came from the Army study. It concluded that 360-degree feedback was most effective when it included the upward feedback element and when it was being used where "leadership was really being practiced," in the field.

Significant findings support the efficacy of 360-degree feedback as a leadership development tool for the 21^{st}-century leader. There are also significant findings from survey data, both from employees and employers, that 360-degree feedback satisfies individual desires and expectations of a good feedback system. Examples of organizations using 360-degree feedback illustrate its effectiveness in both of its primary uses: development and administrative. Results further suggest that, no matter its use or intended focus, 360-degree feedback's multi-dimensional nature makes it a valid instrument for leadership development. In terms of supporting the competencies necessary for 21st-century leadership, we can say that 360-degree feedback is effective at developing self-awareness, team building, and relationship building. 360-degree feedback is a promising leadership development tool that deserves serious consideration by any organization that wants to change its culture, empower its people, foster teamwork, and create leaders.

D. 360-DEGREE FEEDBACK RESEARCH TO DATE

Academic research on 360-degree feedback is limited, but is growing with the popularity of the system's use. My review of this research to date has allowed me to determine when 360-degree feedback is most effective and what circumstances either enhance or detract from its effectiveness. However, there is need for additional research.

First, improvement over time was a common effectiveness measure in many of the 360-degree feedback studies. Naturally, those who initially scored lowest had the greatest potential to demonstrate improved performance. To the uninitiated, this could lead one to conclude that 360-degree feedback is most effective for underperformers, and that managers who received very favorable feedback do not subsequently improve. Unfortunately, the "ceiling effect" of rating scales gives this impression. What is not presented is the extent to which each person improved since receiving the last feedback report. In other words, how effective is 360-degree feedback on continuously good performers?

Second, findings regarding the use of negative feedback seem to contradict the work of cognitive psychologists studying the effect of positive feedback and a positive environment on subsequent performance.

For example, several studies noted in this thesis showed that leaders receiving negative feedback improved the most, yet cognitive psychologists have demonstrated that positive feedback and a positive environment is a more powerful stimulus and motivator of future performance. Further, 360-degree feedback researchers noted high performers were shown to rate more critically (negatively). Combining this with the point that negative feedback recipients "improve the most" suggests that a cycle of negative feedback can create high performers. Yet, goal setting was also seen as an important enhancement activity of 360-degree feedback, and goal setting is inherently a *positive* self-imaging process.

This raises the question of the role of negative and positive feedback in a multi-dimensional feedback system. In what dimension(s) (supervisor, peer, direct report) is negative or positive feedback most effective? Does a negative or positive environment impact the ratee's perception of what "good" feedback is, as well as the rater's idea of what constitutes "good" input?

In fact, entire fields of research are devoted to the study of the effects of positive and negative feedback/environments on subsequent motivation and performance.[3] In short, the research reveals that a negative shift in feedback/environment can result in a withdrawal of attention and less willingness to act on discrepancies that exist between actual self and ideal self (hopes, wishes, and goals). Dejection-related emotions can

[3] See: *Emotion: Theory, Research, and Experience,* Lazarus, Kanner, and Folkman (1980), and *Handbook of Motivation and Cognition, vols 1 & 2*, Higgins and Sorentino (1990).

result from focusing on failing to meet goals. Nevertheless, positive feedback and a positive environment result in increased attention and motivation (Higgin et al, 1994). This research also offers a possible explanation for when negative feedback is motivating. Discrepancies between actual self and ought self (sense of duty, obligation, and honor) result in tension and agitation-related emotions, not dejection. This can result in constructive motivation to close the gap (peer pressure), particularly in a clan or value-based setting.

In addition, the valence of feedback (pleasure or pain from receiving positive or negative feedback) has an effect on individual motivation. And framing goals as a result of feedback with a positive outcome focus significantly affects one's persistence in attaining goals and one's performance in achieving them (Roney et al, 1995).

Positive thinking plays a role in positive imaging which leads to positive action (Cooperrider, 1990). This research has revealed that the same "positive dynamic" can play a significant role in organizational success, and collectively can even play a role in the rise and fall of entire cultures (Polak, 1973).

Generally, the field of psychology has neglected the role of "the positive" and positive affect (happiness, hope, joy, etc.), which has obscured their importance in human adaptation, psychological growth, and change (Lazarus et al, 1980). Only relatively recently have researchers discovered that human systems are largely heliotropic, meaning that they exhibit an observable and automatic tendency to evolve in the direction of positive anticipatory images of the future (Cooperrider, 1990).

This research offers powerful evidence to suggest that this "positive dynamic" could play a significant role in a 360-degree feedback system. The data has implications for the kind of feedback collected, the manner in which feedback is composed, and the setting in which feedback is provided. In addition, it has implications for the manner in which follow-on goal setting is addressed as a result of receiving feedback. Yet, none of the research on 360-degree feedback appears to have accounted for or examined these possibilities.

Since there is a need for research to address the role of "the positive" in the design, construction, and use of 360-degree feedback, I suggest the use of a positive change theory called Appreciative Inquiry. In Appendix D, I explore the power of this "positive dynamic" through a discussion of Appreciative Inquiry, how it came about and how it is used. Combining Appreciative Inquiry with a new approach to change - Large Group Interventions - yields an Appreciative Summit for large-scale change. Appendix E is a draft plan of how the theories presented in this thesis could be combined into an executable program.

E. SUMMARY

This chapter reviewed the available research on 360-degree feedback, as well as the research on the additional components it offers over traditional appraisal systems. Most researchers and practitioners agree that 360-degree feedback is more effective as a development tool. While it may not be as effective as a performance appraisal system, it is still considered superior to traditional, supervisor-only methods.

When considering design and implementation, the intended focus of a system must take into consideration three systems viewpoints: environment, required control, and task interdependence. This is further weighed against the components of effective feedback: data, evaluation and action. Then, implementation must consider common concerns and risks associated with 360-degree feedback. As a 21st -century leadership development tool, 360-degree feedback also was shown to be effective and was specifically seen to offer support for the competencies identified in Chapter II.

Finally, a review of the strengths and weaknesses of the research on 360-degree feedback revealed a need to incorporate and address the research being done on positive versus negative feedback/environments.

In the Chapter V, I present a summary of this thesis, make conclusions based on the research presented, and offer my recommendations as to what the Navy should do with 360-degree feedback.

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V. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

A. THESIS SUMMARY

Chapter I discussed the origins of this thesis, including the "30-Something" course (see Appendix A for more about "30-Something"). "30-Something's" vision of 2015 stressed a Navy with a strong emphasis on teamwork and innovation. Performance feedback was, therefore, modified to include inputs from an individual's team members, peers and direct reports. Thus, the idea of using 360-degree feedback for leadership development and performance feedback came about. As a participant of "30-Something," I took up the concept for further exploration in my thesis.

The purpose behind my research is to determine the efficacy of using 360-degree feedback in the Navy. A thorough review the research and literature on 360-degree feedback revealed when it is effective and what conditions enhance or detract from its effectiveness (see conclusions).

Chapter II set the context for discussing 360-degree feedback by broadly reviewing its history. We learned that 360-degree feedback was primarily created for leadership development. That being the case, Chapter II explored what has changed about the role of leadership to warrant a multi-dimensional approach to leadership development.

Conceptually, 360-degree feedback arose from research in the 1960s and 70s on performance appraisal systems and the use of upward feedback from direct reports. IBM was the first to adopt the use of direct report input for performance feedback more than thirty years ago.

Research in the 1980s by the Center for Creative Leadership resulted in two books that brought the idea of upward feedback into the mainstream. These books reached three important conclusions that focused people on the value of 360-degree feedback: 1) that feedback is an important element of a person's professional and personal development; 2) that the most effective executives were learners who made everything into a learning experience; and 3) that many people in organizations operated in a feedback-poor environment.

The demands of globalization have brought about increasing competition and, hence, greater focus on customers. With the aid of information technology, organizations have become leaner, flatter, and more flexible to rapidly changing conditions. Increasing spans of control have made it difficult for supervisors to make adequate observations of direct reports, and vice versa for upward feedback providers. As a result, the population of feedback providers was expanded to include peers, other supervisors, and even customers. Further, the traditional role of leadership has changed in de-centralized organizational structures, thus giving rise to the need for different leadership development methods. 360-degree feedback grew out of the response to these conditions, as well as to the need for a leadership development tool that creates/reinforces the changing roles of leaders in the 21st century.

Chapter II discussed how four factors affect leadership roles: environment, organizational structure, employee participation, and values. Changes to the external environment, in going from the Cold War/Industrial Age to globalization and the Information Age, have forced leadership to change organizational structures in search of more flexible, faster, and more adaptable organizations (see Appendix B for more discussion). These flatter structures increase employee participation, and team-based organizations increase the need for cross-functionality. Thus, each individual must answer the call to higher responsibility and leadership.

A review of the four factors affecting the role of leadership reveals a dramatically different expectation of leadership in Information-Age organizations versus traditional, Industrial-Age organizations. Table 1 from Chapter II illustrates these differences:

Table 1. New Expectations of Leaders

Traditional Expectations (Pasmore, 1998) →	New Expectations
1. Get results by directing people and getting compliance	1. Get results by involving people and getting commitment
2. Create strong followers who respect authority	2. Encourage people to think, to initiate, to develop autonomy
3. Get people to follow policy and procedure	3. Get people to respond to changing situations in ways that are consistent with stated values and expectations
4. Develop individual strengths within department	4. Develop strengths within and across work teams
5. Implement orders for the above (in the organization)	5. Accept responsibility for their own leadership
6. Be responsible for the actions of the work unit	6. Be responsive to the needs of the work unit
7. Be excellent at the technical work performed in the department	7. Be excellent at the interpersonal aspects of the work unit
8. Control people to produce the highest possible output	8. Empower people to produce the highest possible output

These new expectations are based on the belief that organizations provide the means for development, personal growth and self-actualization; therefore, people will be intrinsically motivated to perform the tasks requested of them. Thus, the role of leadership adjusts, not only to meet the organization's needs in a highly dynamic environment, but, more importantly, to meet the needs of the people who will ultimately determine the organization's success.

In addition, the 21st century brings changing societal values. Leaders are faced with the challenge of providing effective leadership to Gen-Y and the "Internet Generation." Old leadership styles that disregard the inherent dignity of humans are in direct conflict with modern organizational values.

Leadership is a learned skill. Hence, new leadership roles require learning new competencies. Table 2 summarized these new roles and competencies.

Table 2. The Competencies Required to Support New Leadership Roles

Roles of Leadership →	Required Competencies
- Steward, Servant, Covenant Leader	- Personal Mastery - Beyond Self
- Coach, Teacher	- Powerful Communicator - Listens Well, Tolerance
- Facilitator, Process Consultant	- Systems Thinker/Designer - Strategic Visioning
- Network Builder, Liaison	- Flexible, Responsiveness - Negotiation skills
- Integrator, Innovator, Decision Maker	- Creativity, Analyst - Independent, Adaptability
- Conflict Manager, Team Builder, Change Agent	- Builds Commitment, Manages Change - Cooperative
- Evaluator, Counselor	- Gives and Receives Feedback Empathy

These new roles and competencies manifest themselves in a multi-dimensional approach to leadership - or a "360-degree leader." This leader emerges as one who is adept in four dimensions of leadership: *self, supervisor, peer,* and *direct reports.* The *self* dimension emphasizes self-awareness. Without management of self, no one is fit for authority. In the vertical dimension, *supervisor,* a 21st-century leader has the consent and support of those in authority, allowing the leader to follow his or her convictions. In the horizontal dimension, *peers,* the 21st-century leader understands that little or nothing can be accomplished without the support, respect, and confidence of peers. Lastly, the 21st-century leader recognizes that his or her legacy is how well *direct reports* are developed. Successful leaders inspire in the people over whom they have authority the desire to replicate the previous three dimensions of good leadership. This effect cascades throughout the organization.

With the changing roles and competencies of leadership comes the need to equally adjust the goals and methods of leadership development. In turn, the goals of leadership development need to be congruently reinforced by how an organization appraises, promotes, rewards, and motivates its people. Chapter III reviewed what successful organizations are doing today with respect to multi-dimensional leadership development techniques. This review revealed an emphasis on "soft skills" - i.e., the new competencies identified in Chapter II. These organizations used 360-degree feedback as a way to incorporate leadership development into organizational processes, making it less like a series of isolated events. 360-degree feedback is a multi-source feedback mechanism that includes traditional input from supervisors, as well as input from colleagues, direct reports, and, sometimes, internal and external customers. It often incorporates a self-appraisal for comparison and is used for both leadership development and performance appraisal.

A review of the Navy's approach to leadership development suggests that use of 360-degree feedback, reinforced by use of similar multi-dimensional performance appraisal, appears to be the missing link in the Navy's approach to modern leadership development.

Chapter IV then offers an in-depth research review and discussion of 360-degree feedback. Research reveals that 360-degree feedback is growing in popularity. Most organizations that have chosen a 360-degree feedback system use it for leadership development, but an increasing number use it for administrative purposes, as well. As many as 50% of organizations that use 360-degree feedback for development also have incorporated the mechanism into their formal appraisal system. Not all applications have been successful, and those considering 360-degree feedback can benefit from research and from the lessons learned by others. Practical concerns and risks of using 360-degree feedback were discussed in Chapter IV, as well.

In general, the primary advantages of 360-degree feedback are twofold: first, it offers the individual a clearer picture of self for personal growth and leadership development; and second, it offers the organization a clearer picture of who are its best performers.

360-degree feedback alters the culture of an organization. It is empowering.

Whereas traditional feedback (supervisor-only) encourages the ratee's allegiance in only the supervisor dimension, 360-degree feedback, with its multi-dimensional nature, has built-in team principles. It alleviates the deficiencies of traditional feedback mechanisms and engenders a cultural change that encourages teamwork. 360-degree feedback reinforces and is more congruent with organizational values that espouse teamwork and other related principles.

As a feedback mechanism, 360-degree feedback's goal is to help bring about a change in the ratee's behavior. Research has shown that, in order to achieve the desired behavioral change, the individual must be held accountable for changing. In other words, whether the purpose of the system is developmental or administrative, an accountability mechanism, such as an Individual Development Plan (IDP), must be included and periodically reviewed with a supervisor or third party to ensure progress.

There is considerable debate among practitioners and academics as to whether or not 360-degree feedback should be for development and/or administrative use. Evidence reveals that when a feedback system is initially used for development, and later becomes used for administrative purposes, grade inflation arises. However, an organization must constantly struggle with selecting its best leaders for advancement. This dilemma has lead to the trend of organizations developing a separate 360-degree feedback system for each purpose.

After determining the intended use of the 360-degree feedback system, the intended focus of the system also must be considered. The focus of a 360-degree feedback system refers to its ability to empower each of the dimensions of input:

manager, employees, and customers. In determining this focus, a systems perspective is important (Appendix C presents a Systems Analysis model). A systems perspective considers *external environmental, required control,* and *task interdependence*. For example, a manager-centered 360-degree feedback system would work best when the *environment* is placid, when *control required* by the work is high, and when *task interdependence* is low. Towards the other end of this spectrum, an employee- or customer-centered 360-degree feedback system would fit when the *environment* is turbulent, when *control required* by the work is low, and when *task interdependence* in high.

Another focus consideration is the three components of a feedback system: *data, data evaluation,* and *action*. *Data* are facts reported in the system. *Data evaluation* is the judgement of the data, and *action* is the follow-up action taken (the IDP). These considerations will again influence how much voice is given to manager, employees, or customers. This is determined primarily by who controls the data evaluation component of the feedback process.

From the practitioner's perspective, there are certain concerns and risks associated with the design and use of a 360-degree feedback system. By confronting and alleviating these issues, organizations take the first steps towards a successful implementation of 360-degree feedback. These concerns and risks are discussed in detail in Chapter IV. In general, there are enough valid studies and research data to quell people's concerns.

Chapter IV also presents ten general guidelines for instituting a 360-degree feedback system. These are lessons learned from The Upward Feedback Forum, a consortium of organizations using 360-degree feedback.

Linking the evidence back to Chapter II, 360-degree feedback was discussed as a 21st-century leadership development tool. It proved effective and, specifically, was seen to support the types of competencies identified in Chapter II.

Finally, a discussion of needed research on 360-degree feedback was presented. While most studies offered compelling evidence of the value of 360-degree feedback for behavior change and performance improvement on underperformers, this overlooks the "ceiling effect" of rating scales for consistently outstanding performers. Also, there is a need to incorporate and address the research being done on positive versus negative feedback/environments (discussed further in Appendix D).

In summary, the de-layering of hierarchy, emphasis on teams, and customer-driven processes require more and more people to answer the personal call to leadership. Employees need to take on more initiative and responsibility. In this sense, every person becomes a leader. 360-degree feedback becomes an important leadership development tool that enables employees to enact their new leadership roles. Hence, 360-degree feedback allows people whose work is interdependent to make sense of the work they do. People can see the relevance of their work to the organization and its mission, while the organization benefits from enhanced leadership development and increased clarity in identifying its top performers.

B. RESEARCH-BASED CONCLUSIONS

In regard to the primary research questions presented in chapter I, the following conclusions can be drawn from the research data discussed. Corresponding recommendations are presented in the next section.

1. **Primary Question #1:** *Should the Navy consider using 360-degree feedback for leadership development and performance appraisal?*

FOR LEADERSHIP DEVELOPMENT: *There is great potential benefit to the Navy from using 360-degree feedback in its approach to leadership development.* As a leadership development tool, 360-degree feedback's inherent multi-dimensional quality helps create and support the values of teamwork, and the Navy is certainly a team-based organization. From the bottom-up, each person in the Navy contributes to the success of their own team, which in turn progressively contributes to the overall success of the Navy.

The role of leadership within de-centralized teams requires new competencies that 360-degree feedback can help develop. De-centralization will continue to occur in the Navy for a number of reasons, but inevitably so as we invest further in information technology (NMCI, Revolution in Military Affairs [see *Lifting the Fog of War*, by Admiral (ret) Owens]) Research suggests that 360-degree feedback is most effective when used for development, primarily because of the confidential aspect of development-only settings. The literature reveals that 360-degree feedback is a common element of successful organizations' leadership development programs. 360-degree feedback has been shown to be effective for individual growth and performance improvement. It also is effective for modifying behavior, enhancing self-awareness, and improving one's relationships and team-building ability. In short, 360-degree feedback can create and support "360-degree leaders" that an increasingly team-based Navy will need.

FOR PERFORMANCE APPRAISAL: *There is great potential benefit to the Navy from using a 360-degree feedback approach to administrative appraisal.* As a performance appraisal system, 360-degree feedback can reinforce the goals of leadership development and the espoused values/beliefs of the Navy.

Like many of the organizations discussed in the research and literature, the Navy is also dissatisfied with its traditional performance appraisal. GAO (1998) reported that dissatisfaction with the Navy's performance appraisal system was the sixth most common reason cited for people choosing to leave the Navy. Increasingly, organizations are abandoning their traditional appraisal systems and embracing 360-degree feedback because it contributes to teamwork vice individualism, principle-based results, and clarity for both individual and organizational growth.

While researchers and practitioners agree about the value of 360-degree feedback for development, they are divided over the issue of administrative use. The primary contention is when feedback, intended for developmental purposes only, is then used for administrative decisions (pay, promotion), which can result is mis-trust in the system and in the organization's leaders. Further, research shows that developmental data are not necessarily useful as appraisal data, and vice versa.

These issues have led many organizations to develop two multi-dimensional feedback systems - one for development, and one for administrative purposes. Research on the limitations of traditional appraisal systems (supervisor-only) tends to support this trend. Users of multi-dimensional appraisal systems generally prefer them because they place more trust in results that come from multiple sources. From the organization's perspective, a clearer picture emerges of who really are the best performers. In addition, research points to the importance of aligning organizational goals and expectations with reward systems. Therefore, the Navy's espoused values of teamwork should be reflected in its leadership development program by use of 360-degree feedback, and then congruently reinforced by a 360-degree feedback performance appraisal.

2. Primary Question #2: *When is 360-degree feedback effective, and what conditions enhance or detract from its effectiveness?*

Understanding when 360-degree feedback is/is not effective will serve as a guide to the Navy for the design of such a system. Research suggests that 360-degree feedback is most effective in team-based environments. The team-based structure that already exists in the Navy makes this setting a fertile ground for using 360-degree feedback. The quality of feedback and recipient receptivity is highest in developmental settings. Yet, multi-dimensional feedback in an administrative performance appraisal has efficacy, as well. Research allows the following conclusions to be made about the conditions that enhance or detract from its effectiveness. Ten conditions that *enhance* feedback effectiveness are:

1. Conducting self-appraisals prior to receiving feedback.

According to the research, self-appraisal by itself is effective for creating behavior change, but the process is greatly enhanced when self-appraisal is compared with feedback from other sources. In this sense, self-rating becomes a very important part of 360-degree feedback. Studies revealed that the value of 360-degree feedback was greatest for those who tended to overrate themselves. Research on self-other agreement suggests that acknowledging the discrepancies between one's self-assessment and the views of others is an important step in leadership development.

2. *Discussion of results with supervisors and or raters - relational commitment.*

The relationship-building potential of 360-degree feedback surfaces in research that shows feedback is more effective when results are discussed with the supervisor and/or all raters. In this manner, both ratee and rater's depth of feedback processing increases, goal setting occurs, and commitment to change is publicly made. Relational commitment between the parties occurs.

3. *Goal setting as a result of feedback: envisioning a positive future.*

Feedback alone is insufficient. Goal setting is the first step towards follow-on action. Further, the goal setting process is a positive imaging act. Research on self-regulation points to the importance of imaging a positive future: positive image = positive action. In addition, research reveals that goal framing with a positive outcome focus yields greater persistence and higher performance from individuals striving to attain goals. More research is needed on this potentially powerful aspect of 360-degree feedback.

4. *Accountability for utilizing the feedback.*

Goals alone are not good enough. Accountability for results yields the greatest impact from 360-degree feedback. Accountability can be achieved through goal setting as a part of Individual Development Plans (IDP), which are then shared with supervisors. Additionally, if the feedback is an administrative appraisal, then there is natural accountability for improvement before the next performance period is over.

5. *Comfort with the process, trust in the system, and ease of use/simplicity.*

Anonymity of raters allows both the ratee and rater to feel more comfortable with the feedback process. Confidentiality of the data builds trust into the system. Further, when people feel secure in their role as raters, they are more inclined to give honest, higher-quality input. An aspect that these points emphasize is the simplicity of the system. Ease of use facilitates willingness to participate, higher quality of input, and, hence, higher-quality results.

6. *Rater credibility - qualified to rate certain areas.*

Ratees are more likely to accept the feedback if they know the raters providing the input are qualified to do so. Further, raters should be asked to provide data only in the areas in which they can provide credible or observable input.

7. *Development-only encourages more honest rater input.*

Ratees are more likely to get clearer and more honest feedback in a developmental-only situation. Research on appraisal systems in general reveals a tendency for raters to inflate input when they know the outcomes will effect the ratees' pay and promotion opportunities.

8. *Separate 360-degree feedback systems for development and administrative use.*

It is important to state up-front the intended purpose of a 360-degree feedback program. Practitioners recommend separating the data if two 360-degree feedback programs are to be used. Developmental systems tend to be future-oriented and concentrate on behaviors/competencies. Appraisal systems, however, should be past-oriented and concentrate on documented performance.

9. *An environment in which "leadership is really being practiced."*

Results from research in a military setting reveals that 360-degree feedback is more effective in an environment in which leadership is being practiced. Army research on 360-degree feedback in a school setting versus war-fighting brigades credited the direct report dimension and the opportunity to practice leadership in the brigades as key elements of behavior change. This supports other findings that 360-degree feedback is most effective in team-based settings.

10. *Follow-up use of 360-degree feedback over time.*

Most developmental settings risk making feedback a one-time occurrence. Programs that gave periodic 360-degree feedback were the most effective. Follow-up to previous feedback is encouraged in this environment, as well as accountability for follow-on action.

Conditions that *detract* from feedback effectiveness include conditions opposite to the above-stated points, plus the following seven:

1. *Mistrust resulting from data non-confidentiality.*

Retribution is a concern for raters, particularly when 360-degree feedback is to be used for administrative purposes. If trust in the confidentiality of the system is broken, then rater non-participation can result. Unlike traditional performance appraisal systems, 360-degree feedback chooses raters on a confidential basis; thus, participation is difficult to enforce.

2. Organizational cynicism.

Where organizational cynicism is present, introduction of a 360-degree feedback system is likely to be met with skepticism. Cynicism is usually the result of mis-trust between the organization and upper management. In this case, ratees are less likely to accept the feedback, and raters less likely to trust the process. Fear of what the data collected might be used for has a negative effect on the feedback process.

3. Excessive information for ratee to comprehend.

360-degree feedback presents the opportunity to collect performance data from many new points of view. Too much data, no matter how accurate, can result in information overload for the ratee. The feedback presented should be user-friendly and functional.

4. Process too complex and lengthy for rater to provide input.

The complexity of input required for the rater is also a factor in feedback quality. Research has shown that the use of computer-aided systems enhances feedback. Web-based systems also offer a "point and click" solution, while taking advantage of the relatively cost-effective use of existing Internet infrastructure.

5. When developmental feedback is used for administrative purposes.

One of the most important lessons learned from practitioners is to clearly set the expectations for the introduction of a 360-degree feedback system. If 360-degree feedback data originally intended only for developmental use is then used for administrative purposes, mistrust can occur and ultimately cause the program to fail.

6. Positive-only feedback.

Studies indicated that individuals who received the most negative feedback initially improved the most over time. Further, the impression garnered from raters about ratees was enhanced when ratees requested negative feedback. Positive feedback only was seen as partially defeating the purpose of the rating instrument. As discussed in Chapter IV, negative feedback can be effective for motivating performance, but cognitive psychology research shows that there is an important difference between negative feedback resulting from missed goals versus non-attainment of desired values. Feedback in a developmental setting is usually competency- or value-based. Feedback in an administrative setting is normally results- or goal-based. This suggests that negative feedback has a role in developmental systems, but less so in administrative systems. The results of positive-feedback studies seem to offer a dynamic that has not been accounted for in existing 360-degree feedback research. More research is needed in this potentially important aspect.

7. Feedback without follow-up.

Studies have shown that ineffective 360-degree feedback programs fail to include multiple aspects of follow-up: no ratee accountability for follow-on action; no rater accountability for feedback; no recurring 360-degree feedback over time. One reason why successful organizations have used 360-degree feedback is that it is seen as a way of embedding leadership development into organizational processes. Periodic multi-dimensional feedback, whether developmental, administrative, or both, helps to make leadership development less of a one-time event.

3. **Primary Question #3:** *What are the potential benefits of using 360-degree feedback?*

Summing up the evidence presented, the potential benefits to the Navy of using 360-degree feedback can be grouped into four categories (Fleenor & Prince, 1997).

a. 360-Degree Feedback Offers New Perspectives

360-degree feedback offers new perspectives by which an individual's skills, behaviors, abilities, or performance can be judged. 360-degree feedback creates accountability and service to all stakeholders, supervisor, co-workers, direct reports, and customers. When properly aligned with organizational goals, vision, and strategy, the individual's goal for personal development can be aligned with the Navy's organizational values.

When the number of feedback sources is increased, a more balanced and comprehensive picture of the individual's ability emerges. In addition, the sources of information are the same people that the individual works with daily. Their feedback creates a more valid, reliable, and credible picture of the individual that the supervisor alone may not be able to observe. 360-degree feedback can serve as a supplement to supervisor input. It can be thought of as a balance to the Navy's current single-source assessment. The multi-source aspects of 360-degree feedback can provide input on behaviors and competencies versus the traditional supervisor's assessment of job results. While personnel get more valuable input into their professional and personal development, supervisors, in turn, get an equally valued and clearer picture of who the real performers are in their organization (a win-win solution).

b. Alleviates Deficiencies of Traditional Appraisals

360-degree feedback alleviates some recognized deficiencies of top-down, traditional appraisals. The Navy's fitrep/evaluation process falls into this category. Appraisals in general are naturally a subjective process, and single-source assessments are subject to the biases and subjectivity of a single individual. When a single person controls the future of a person's career, it is normal behavior for that person to give allegiance to his or her subjective evaluator. Supervisor-only performance appraisals rely heavily on the judgement of one person, and as a result, this feedback can suffer from (Edwards & Ewing, 1996):

- Individual bias
- Politics and favoritism
- Idiosyncrasies of various performance feedback systems
- Insufficient observation of personnel performance
- Unwillingness to delineate poor performance
- Different supervisors having different degrees of rigor

A single-source performance appraisal may not truly reflect the individual's actual job performance and/or potential. As noted in Chapter III, traditional appraisal systems have shortcomings when used in team environments. Leadership development programs emphasize teamwork, but a traditional appraisal system does not reinforce the multi-dimensional aspects of teamwork: supervisor, peers, and direct reports. Although 360-degree feedback is also a subjective process, it discourages supervisor-only allegiance and reinforces teamwork. Discussion of the feedback results helps to develop relationships with the supervisor and/or raters, and accountability for follow-on action builds relational commitment.

Regardless of whether the appraisal is traditional or multi-dimensional, the supervisor has an important role in interpreting the feedback and shaping employee development (Cronshaw & Lord, 1987; Taylor, & Crocker, 1981). 360-degree feedback is not a system without supervisors, but one in which the supervisor's contribution may impact a wider range of components of the system than is the case with traditional appraisals (Jackson & Greller, 1998).

c. Individuals Can Rate Themselves

360-degree feedback provides the unique opportunity for individuals to rate themselves against the feedback received from supervisor, peers, and direct reports. Understanding the differences between one's self-perception and the perceptions of others with whom one works has proved to be an essential aspect of personal growth and leadership development. The Navy currently does not have a process in place to take advantage of this important aspect for individual growth. 360-degree feedback is the opportunity to put this in place. Further, goal setting as a result of feedback offers a positive visioning opportunity and has been shown to be a key enhancement activity of the 360-degree feedback process for performance improvement.

d. Reinforces Organizational Values

360-degree feedback can be used to reinforce the Navy's organizational values and vision. It has the capacity to emphasize the value of specific abilities, behaviors, norms, or actions. 360-degree feedback tends to have a future focus on an individual's potential with respect to desired competencies and values, whereas a traditional appraisal is used primarily to document past performance only. Further, when used on a regular basis, it can also be a powerful cultural change tool; the team values inherent in 360-degree feedback reinforce the behaviors required of leaders in de-centralized, high-performance organizations such as the Navy.

Organizations that adopt 360-degree feedback want better performance information and seek to motivate behavior change. Also, the shift in paradigms from the Industrial Age mindset to the Information Age mindset necessitates other paradigm shifts: from manager to leader; from dependency to self-responsibility in career planning; and from traditional hierarchy to culture-focused organizational change (Pasmore, 1998). These require that the organization give its employees the information they need to guide their own development.

4. Secondary Research Question: *How should the Navy approach the issue of designing and implementing a 360-degree feedback system?*

The best implementation strategy to use is a collaborative approach that achieves "buy-in" to the effort from the bottom, middle, and top, simultaneously. The best change methodology that captures the multi-dimensional nature of 360-degree feedback is Large Group Interventions (LGI), discussed in Appendix D. Further, Appreciative Inquiry (AI) utilizes the power of positive change theory in an LGI format called Appreciative Summits. Since the premise behind 360-degree feedback's use in the Navy is to develop outstanding leaders, AI uncovers the intent behind 360-degree feedback - *outstanding* *leadership* - to yield a Leadership Summit. The summit will capture the "Positive Core" of naval leadership, as well as produce a set of ideas around leadership development and 360-degree feedback. In this sense, the summit lays the groundwork for follow-on 360-degree feedback system design and implementation. These notions and implementation of 360-degree feedback are the subjects of Appendix D, and a draft plan is presented in Appendix E.

C. RECOMMENDATIONS

Overall, my recommendation is to first introduce 360-degree feedback for leadership development to acclimate the organization, then, in the long run, multi-dimensional feedback should be integrated into our performance appraisal system. Ultimately, the Navy should end up with two separate 360-degree feedback systems - one that supports individual development and one that supports organizational growth. By using 360-degree feedback in both our leadership development and administrative performance appraisal systems, the expectation set from the developmental feedback is congruently reinforced by the behaviors recognized in the fitrep/evaluation.

1. The Short Run: Multi-dimensional Feedback in the Navy's Leadership Development Programs.

In the short run, the Navy should institutionalize 360-degree feedback for leadership development. This is the best way to introduce the Navy to 360-degree feedback. There are pockets of 360-degree feedback initiatives in the Navy, but no organization-wide, consistent effort exists. The Navy currently requires annual counseling, yet the tool used for that purpose is the same traditional appraisal form used in the annual appraisal process. A 360-degree feedback system could replace the traditional supervisor-only feedback that we currently provide. How far down in the organization 360-degree feedback should be applied is an open issue, but I would recommend that all "khaki" and, perhaps, Leading Petty Officers should be included. The depth of use is, of course, dependent on how many direct reports someone has under his or her authority (six is the minimum used by some organizations). Yet, even without direct reports, the "peer review" dimension of 360-degree feedback still has a powerful effect. Perhaps at the discretion of supervisors, a "270-degree feedback" application would still be useful for more-junior personnel. Prior to launching this effort, there should be a significant information campaign to set people's expectations and educate them about the potential benefits of doing 360-degree feedback.

The importance of teamwork, cross-functionality, and inter-connectivity (within the Navy and through joint warfare) will increase. More team-based environments will emerge in both the literal and virtual sense. Individuals will have to step up to the personal call to leadership, and as leaders they can no longer think of their jobs as only the monitoring of tasks. Instead, they will be constantly thrust into action. Interpersonal, informational, and decision-making capacity will constantly overlap. All of these functions require continual delegation of tasks, sharing of information, and negotiation of obstacles.

Learning how to be effective and lead in these environments is supported through the use of 360-degree feedback. Further, the multi-dimensional nature of 360-degree feedback is better aligned than traditional feedback with the espoused organizational goals of teamwork. 360-degree feedback translates development theory into action. Yet, goals alone, without accountability for action, tend to be unfulfilled. The accountability issue is embedded in the next issue of performance appraisal.

2. The Long Run: Multi-dimensional Feedback in the Navy's Performance Appraisal System.

In the long-run, the Navy should develop a second 360-degree feedback system for administrative performance appraisal. As an interim step towards developing two separate 360-degree feedback systems, the Navy should link the developmental system to the current fitrep/evaluation. A 360-degree feedback system for developmental purposes could replace the current annual counseling requirement, as noted earlier. Counseling could be done in a confidential manner, yet the follow-on Individual Development Plans (IDP) could be shared with the supervisor. The supervisor's role would be to monitor progress and assist with training opportunities, on-the-job efforts, and resources. Although the actual data are not shared with the supervisor, the output is linked to the performance appraisal system to provide accountability for results. Further, by sharing the IDP and making the individual's supervisor partially responsible for the direct report's development, this system emphasizes to leadership that direct report development is important. In this scenario, the supervisors' appraisals are impacted by how well they perform on their own IDPs, by how well their direct reports perform on their IDPs, etc. - a cascading effect.

When sufficiently acclimated, the Navy should then incorporate multi-dimensional input directly into its performance appraisal system. What the final administrative 360-degree feedback system will look like remains unclear. However, in accordance with the research presented, it should preserve the integrity of the chain of command by being "manager-centered." Weighting of the manager's input is another way to accomplish this.

Research about the "intent and focus" of 360-degree feedback systems also revealed the need to design systems that are in alignment with the philosophy of the organization's archetype (bureaucracy, clan system, adhocracy, etc). Large organizations, like the Navy, have multiple organizational archetypes within them. This suggests that our current "one size fits all" approach to appraisal is incorrect. Designing a 360-degree feedback performance appraisal system should take advantage of the opportunity to build in flexibility. Different communities may want to adjust input weighting or, possibly, invoke various competency assessment modules.

A 360-degree feedback system should also take advantage of web-based, information technology to re-engineer our current appraisal process. For example, "30-Something" envisioned a very objective, web-based 360-degree feedback performance appraisal. There would be no room for comments, only numeric scoring, which could be completed in just a few minutes. Scoring would be sent via the web to a central database, where it could be immediately compiled. After "Team Rigor" indices and bias were statistically removed, promotion results could be posted in a matter of days. No need for promotion boards. Also, top performers could be further recognized via a "pay for performance" pay scale vice our current longevity-based pay system (see Appendix A). This scenario may seem fanciful and unrealistic, but systems like this already are in use.

In my opinion, it is difficult to dispute the reality that, in order to promote individuals who are, in fact, good leaders, we must somehow measure their style and competence as leaders. Only the led know for certain the leader's moral courage, consideration for others, and commitment to organization above self. The direct report dimension is the indisputably crucial element in leader assessment and development systems. If, in fact, the Navy cherishes these values and wants to ensure that we promote those who routinely demonstrate them, then administrative input from direct reports and peers is required.

Performance appraisal puts teeth into the rhetoric of teamwork and direct report development. Despite the objections of purists who favor 360-degree feedback only for developmental purposes, linking to or replacing traditional appraisal with 360-degree feedback sends a clear and undeniable message. However, the Navy must be careful about how implementation of such a system is interpreted. It is not meant to be punishment. In the business of military affairs, results do matter. Yet, results at the expense of our most cherished organizational values and people, can not be tolerated. The effects of poor leadership surface in our inability to retain good people. Solving the "leadership" issue can become a competitive advantage for the Navy.

The exact prescription for altering our present performance appraisal system is beyond the scope of this thesis. However, 360-degree feedback is an empowering tool for peers and direct reports; therefore, they must be involved in the discussion and construction of such a system. Managers and leaders who feel confident in allowing this to occur are already confident in their own leadership abilities. Managers who are not yet comfortable with the idea of receiving 360-degree feedback are likely the ones who need it most. In either case, it is the organization's responsibility to provide unstinting support so that both types of people will feel confident and committed to an ongoing process of personal and professional development.

To this end, it is essential that the Navy involve our people in the actual design, construction, and implementation of 360-degree feedback. This involvement sends the message that their opinions, fears, and experience count. When this happens, people will be much more likely to accept and support the implementation of 360-degree feedback into their workplace. The method I recommend for this collaborative approach is Large Group Interventions.

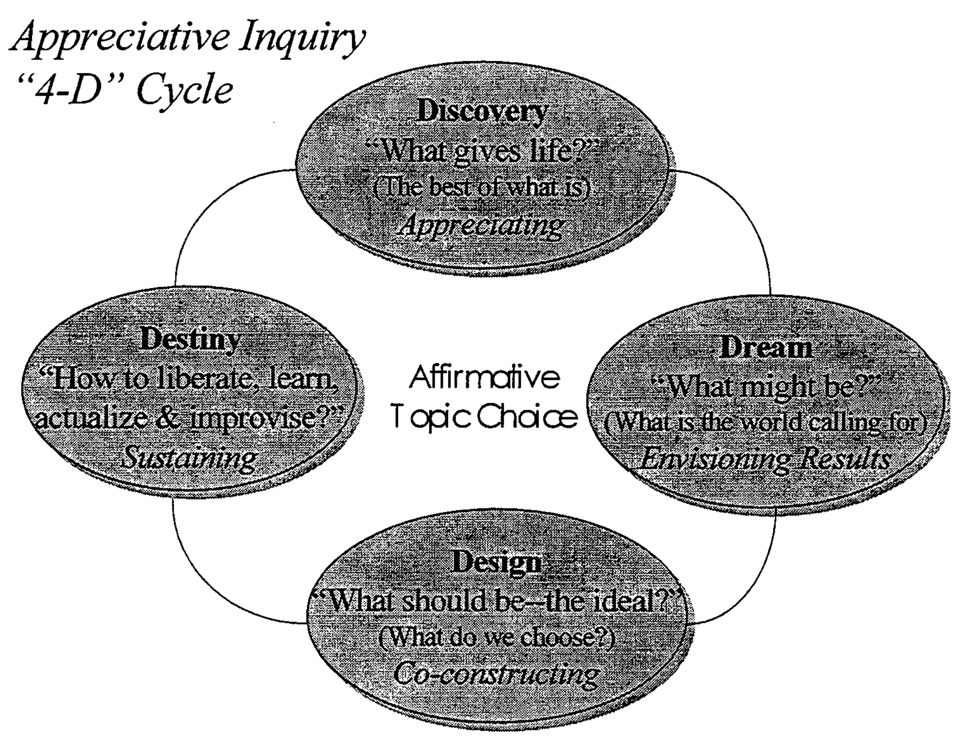
3. Large Group Interventions and Appreciative Inquiry

The Navy should use Large Group Interventions and Appreciative Inquiry as an alternative to traditional top-down change approaches. The nature of 360-degree feedback and the Information Age requires modification to the way we view and lead change. System-wide, rapid, simultaneous change will be one of the challenges for the 21^{st}-century leader. The change intervention of the 21^{st} century must be fast, involve the "whole system," foster teamwork, value people, encourage innovation, and support a learning environment. It must also engage the organization from the bottom-up, from the middle, as well as from the top. The change method that meets these requirements is called a Large Group Intervention (LGI).

The generic purpose of an LGI is to enable those who have a stake in the system to discuss desires and intentions, take responsibility for their own plans, and implement a shared vision. An LGI approach can engage the multiple stakeholders of 360-degree feedback in a timely and meaningful way. However, as a large engineering organization, the Navy runs the risk of approaching such a complex and contentious issue with a problem-solving mentality. Problem solving invokes reductionism, whereas an LGI requires a future-oriented, creative mindset. One of the most exciting and refreshing approaches to doing LGIs is a framework called Appreciative Inquiry (see Appendix D for more information).

Applying Appreciative Inquiry to the LGI format yields the Appreciative Summit. The Appreciative Summit uses the "4-D" cycle (see Figure 3) to maintain a positive focus by valuing the best of an organization's past and extending that positive focus towards the organization's highest future potential:

Figure 3. Appreciative Inquiry: "4-D" Cycle, Cooperrider and Whitney (2000)



The summit topic will be *leadership*. The summit will:

- Build a common vision to create "buy-in."
- Engage vertical/horizontal cross-sections with key stakeholders - "whole system" in one room.
- Generate and align ideas together. Can yield extraordinary productivity in a short amount of time.
- Focus on future and highest potential. Enables rapid change in rapidly changing times.
- Capture the experience of "30-Something" i.e., the thrill of being asked by the CNO and senior leadership to make a difference.

The Chief of Naval Operations, ADM Vern Clark was briefed on the concepts of the Leadership Summit and 360-degree feedback in October 2000. The result was that each would be conducted as a pilot program to determine its efficacy for further development. The Leadership Summit and 360-degree feedback pilot initiatives are two real-life examples of programs developed using large-scale change techniques and Appreciative Inquiry theory. If developed to maturity, they have the potential to greatly impact our future approach to leadership development and performance appraisal systems. The fundamental premise for doing the summit is to give the Fleet the opportunity to generate ideas and to allow them to collaboratively decide what is best for themselves. Just the fact that the CNO chose to initiate the summit and a 360-degree feedback pilot should send a strong message to the Fleet that our leadership is serious about change and serious about engaging the Fleet in the process of change.

I believe that 360-degree feedback will take root at the Leadership Summit, along with many other good ideas that have yet to be thought of. The greatest strength of these ideas and initiatives, whatever they may be, will lie in the fact that they came from the Fleet and will, therefore, already possess what all other successful initiatives have - *commitment.*

D. RECOMMENDATIONS FOR FUTURE RESEARCH

I recommend that further research be conducted in the following areas:

1. Conduct benchmark studies of organizations with successful 360-degree feedback systems: Army at Fort Leavenworth, GE, Boeing, and Disney. Benchmark the best systems that are for development only, administrative use, and organizations that have both kinds of systems in place.
2. Research on 360-degree feedback has not accounted for the effect of problem-solving approaches on existing mindsets, values, and structures of organizations. What effect does deficit-based inquiry have on the effectiveness of 360-degree feedback systems?
3. What is the role of Appreciative Inquiry in developing 360-degree feedback systems?
4. Given the extensive research on the effect of positive and negative feedback/environments on motivation, what is the role of positive feedback in 360-degree feedback systems? Is there an optimal balance of negative and positive feedback that should be considered in the design of a 360-degree feedback system? In what dimension/s (supervisor, peer,

direct report) does positive or negative feedback have the most effect?

5. Studies indicate that web-based 360-degree feedback systems enhance effectiveness. How might a web-based 360-degree feedback system re-engineer the appraisal and promotion process in the U.S. Navy?

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APPENDIX A: THE "30-SOMETHING" COURSE

A. A DAY IN THE LIFE OF THE NAVY - 2015

This appendix comes from an article that I wrote for *PROCEEDINGS* in the September 2000 issue entitled, "...From the '30-Somethings'."

"Two hundred miles out in the Indian Ocean, an American Airlines jet lands aboard the Navy's newest Floating Support Base. LT Fletcher is part of DD-27's crew Delta and is arriving to relieve crew Charlie after four months in the Persian Gulf. Crew Delta is fully ready to conduct combat operations since they have been working as a 'dynamic team' for the past six months, training with full-size ship mock-ups and dazzling multi-sensory simulators. Crew Delta came together from a variety of different backgrounds. Some recently transferred laterally from the private sector, some came from previous rotational crews, and some are just back from sabbatical. LT Fletcher is returning from his shore duty with Oracle and is eager to contribute what he has learned about the latest in molecular database technology.

During the turnover, the crew is able to use the facilities of the Floating Support Base (FSB) to re-supply the destroyer, provide medical checkups for the oncoming crew, and give the off going crew a chance to enjoy the recreational facilities. The FSB is a limited ship repair facility, including a dry dock as well as an aviation depot.

Back onboard the destroyer, Seaman Jones is settling into her daily routine as she stows her personal gear in her four-person stateroom. Checking her PDA, she can access the ship's Plan of the Day, as well as her watch schedule, work assignment, *service and pay records. She also has received an email telling her that it is time for her to evaluate her boss, LT Fletcher. She clicks on the review form and selects numeric scores for a variety of categories. She knows that LT Fletcher's peers and his boss are all providing inputs to his 360-degree Review.*

Since there are only 50 people aboard, Seaman Jones is an integral part of the watch standing and maintenance teams. Having re-joined the Battle Group, Seaman Jones completes her watch, works out in the gym, and then goes to the Galley, where she chooses from among 15 different entrees. After choosing, she swipes her smart card to pay for the pre-prepared, frozen meal that is automatically cooked and dispersed on a disposable tray. Her day ends as she climbs into her Smart Rack, and, sitting up, chooses to begin the first module of her E-Naval Postgraduate School undergraduate course on the built-in touch/voice screen. Before turning in, she makes a video phone call to her husband.

Elsewhere in the Gulf, the three-man bridge team of LPD-22 is talking to an Arab merchant through the automatic voice-translating bridge-to-bridge radio. Below, in the combined CIC/Engineering Control station, all ship's vital systems are automatically monitored aboard the ship and by shore support. Readings are compared to benchmark standards to identify problems before equipment breaks. On the 360-degree wrap-around tactical screen, information from the ship's sensors and satellite link portray the tactical picture. Topside, a technician is installing a new gyro that was automatically ordered at the first sign of equipment degradation and received before the current gyro failed.

Onboard CVX-77, UAV ops are being conducted topside, while a small fire below decks is being extinguished. The fire-fighting team learned their fire-fighting skills while ashore in 'dynamic teams' and realistic trainers. The scene leader enters progress reports on a PDA, and updates are instantly displayed in the control center. Expert software has already rerouted power and isolated the shorted power panel. Air operations are not affected, but the AIR BOSS monitors the damage control efforts while he plans for the arrival of the re-supply dirigible, which is bringing 1800 tons of mail, cargo, food, and repair parts for the Battle Group. The dirigible brought this material directly from the U.S. in four days. After receiving cargo, the carrier will offload retrograde, including two jet engines for repair at the FSB depot.

Sitting at periscope depth off the coast, LT Bruce Schuette, who recently returned from shore duty at IBM, is now Officer of the Deck on the Navy's newest SSN. While on shore duty at IBM, he helped develop new software that optimizes communications via the acoustic Internet, with which he communicates with the Battle Group. Today he has learned that critical repair parts have arrived at the FSB and will be transferred to CVX-77. LT Schuette has coordinated an underwater transfer with the carrier. Right now, the sub's tube-launched Autonomous Underwater Vehicles are mapping unfriendly port entrances and checking for mines, relaying their progress back via an acoustic Internet.

At Camp Lejuene the Marines are hitting the beach—only it doesn't look like D-Day. It's more like a Baja off-road rally. Since EOD's unmanned submarines have cleared the water of mines and the beach of obstacles, the landing party rolls in at 30 *knots. Overhead, V-22s carry personnel and equipment across the beach. The Landing Force Commander's staff is monitoring the location of all units in real time and using National Reconnaissance Office data to route forces around the enemy's strong points.*

Meanwhile, that same data are fed to DD-24 which is over the horizon but can still provide fires one hundred and twenty miles inland. UAVs fill the skies, providing battle damage assessments and acting as communication relay backups.

As the Marines move inland, General Buckles thinks back to the days when they said an AAV couldn't move seventy miles from the beach in one day. Now he has an entire MEU that will be 100 miles inside enemy territory by nightfall. Small teams of Marines, connected together with superior communications and data display computers, are making things happen on the ground, plus coordinating support from naval guns and Air force fighters. Onboard DD-24, ENS Seedling is participating in the Marines' war game and is controlling the advanced gun, sending GPS guided rounds onto the beach while simultaneously planning a Land Attack missile launch to take out enemy tanks that are heading towards a downed V-22.

ENS Seedling learned of this job from the Navy's E-Talent web site. He was excited to be selected for the cruise and is delighted be a part of DD-24's dynamic team. Although he graduated from the Naval Academy only six months ago, his actions are second nature because of the time he has spent in the simulators going through much more complicated scenarios.

As DD-27's crew Charlie boards the departing American Airlines jet on the runway of the FSB headed for home, the former CO, CDR O'Bannon, enjoys one last

Indian Ocean sunset from his window seat. He reflects on just how much the Navy has changed since he joined. 'Fifteen years ago, the Navy was faced with a severe manning and organizational change crisis, as it tried to find a way to pull itself out of the Industrial Age and into the Information Age. Thankfully,' O'Bannon thought, 'the Navy realized what its industry counterparts did earlier, that people are the only real asset of an organization. Many fundamental changes were made that encouraged real innovation and teamwork, and that allowed us to get to where we are today. Now, our Navy's strength is truly the combined intellectual capital of all of our people. NEWSWEEK even ranked the Navy as one of the "Top Ten Companies in America" to work for. These days, the Navy truly "walks its walk and talks its talk."'

B. PURPOSE OF THE COURSE

The "30-Something" course was offered by the Center for Executive Education (CEE) at the Naval Postgraduate School (NPS) in Monterey, California. The first of its kind in Naval history, "30-Something" selected 19 mid-grade officers and challenged them to "vision their Navy of 2015."

This course was a remarkable effort to tap into the ideas and innovations of the Navy's junior executives, the future leaders of the organization. The course was held from January 18 to February 11, 2000, and was organized by the director of the CEE, Professor Barry Frew.

Professor Frew and Under Secretary of the Navy, Mr. Hultin, are responsible for generating much of the enthusiasm for change in the Navy through the "Revolution in

Business Affairs" courses that have been taught to most of the Navy's and Marine Corp's flag officers and senior civilians. An article in the May 2000 edition of *Fast Company* highlighted Frew's and Hultin's efforts. These courses have, thus far, sought to expose the senior leadership to the revolutions in business that are occurring in the private sector due to the Internet and the Information Age. Until now, that effort had focused exclusively on the Navy's top brass. "30-Something" offered these officers a rare opportunity to tell the top how they would do it if they were in charge. The course's final briefing was given on February 11, 2000 to Mr. Hultin, Navy CIO Mr. Porter, Vice Adm. Giffin, and several other select flag officers from both the Navy and Marine Corps.

C. EXPECTATIONS OF THE PARTICIPANTS

Most of the "30-Something" participants were already attending NPS in a variety of curriculums, and two others were selected from Fleet submissions. All were required to read provocative texts before arriving and to bring their initial ideas with them. Professional bias and prior experiences limited the students' initial expectations. Understanding this, Professor Frew put the students through some very successful, yet "un-navy like," team-building training that included such tasks as group juggling, silent problem solving, and rock climbing! The point was to teach the students, who are all used to being in charge as officers, that they would have to work together and listen to each other's opinions in the coming weeks. That established, the course proceeded to expose the students to a multitude of different viewpoints and ideas from a wide variety of readings and distinguished speakers.

Each speaker was a leader in his or her field. Some were retired Navy admirals who had gone on to take the helm of private firms as CEOs, but most were from backgrounds quite different from the Navy or Marine Corps. The speakers included: Timothy Ferris, author of 13 science fiction novels and Pulitzer Prize nominee; Ziad Doueiri, Hollywood film producer and winner of the Cannes Film Festival; Dr. Bernie Ulozas on Diffusion of Innovation; Dr. Mark Eitelberg on Future Demographics; Mr. Steve Uzell, former *National Geographic* photographer, current corporate advertising executive; Barry Few; Walker White, chief technologist for Oracle; Dr. Frank Barrett on Appreciative Inquiry; and Sean O'Keefe, former Secretary of the Navy. The point was to stimulate "out of the box" thinking about the Navy of today and the future. As Albert Einstein once said, "Solutions to problems can't be found from within the same framework that they were created."

D. FOCUSING ON PEOPLE

In fact, as the course progressed, most of the students migrated away from their initial ideas or revisited them from new perspectives. Not surprisingly, the initial ideas were "in the box." They addressed current problems and were mostly superficial; they did not go deep enough to address their root causes or options for fundamental change. However, as the course progressed, many new ideas came forth. The students decided to try not to duplicate the efforts of established think tanks such as the Strategic Studies Group. Therefore, these new ideas addressed how to effect fundamental cultural change with the goal of *"attracting and retaining great people."*

Four focus groups were finally decided upon: Vision, Technology, Logistics, and Professional Worklife. Students worked in these four sub-groups to develop the ideas further. Although the categories appear to be independent and specific, the final product was presented as an integrated system. Ultimately, Vision, Technology, Logistics, and Professional Worklife came together to produce a desired culture of innovation and teamwork, in addition to honor, courage, and commitment.

E. THE INTRODUCTION OF APPRECIATIVE INQUIRY

There was an important turning point for the "30-Something" participants. About 15 days into the program, Professor Frank Barrett addressed the group about the topic of Appreciative Inquiry. Up until that point, the group's discussions were problem-oriented and shortsighted. We had focused primarily on current issues from a negative and deficit-based mindset. In other words, we were whining. However, it is important to recognize that this mindset is the product of our current design. Our leadership development tools in place today produce deficit-based, problem-oriented, shortsighted thinkers.

Appreciative Inquiry is a positive-based method of inquiring into problems. Appreciative Inquiry captures what people or organizations do best and stimulates creative thinking about how to improve upon those elements. It expands the continuum of success to naturally overcome the narrow continuum of failure. Research and practical applications have shown that people are far more generative and creative with a positive mindset than with the negative, deficit-based mindset that problem-solving approaches create.

At this point, we, as a group, recognized our collective bias and decided to rethink our approach to the task at hand. Issues became opportunities, and complaints became ideas. I can't over emphasize the importance of this moment. It was a strategic change for the group, but, more importantly, it showed us what we had all become under the influence of a stifling bureaucracy and a cynical society. Imagine if the whole Navy could experience such a moment. For some individuals, this was life changing. Appreciative Inquiry is the antidote to the constant barrage of negativity and cynicism in our professional and personal lives. It provides people and organizations the opportunity to achieve a healthy, positive balance versus what we currently live with. I discuss Appreciative Inquiry more in Appendix D and show how applying it to 360-degree Feedback creates what I call "360-Degree Leadership".

All "30-Something" ideas, point papers, and the final briefing can be viewed online at http://www.cee.nps.navy.mil/30something.asp. Each sub-group worked on its topic area to support the central theme of *attracting and retaining great people*. The next section presents some of the highlights.

F. OVERVIEW OF RECOMMENDATIONS

1. Vision

The Vision group wrestled with defining the all-important vision or direction of the Navy. The group recognized that a true Vision Statement with guiding principles had to be developed from the "bottom-up." Without the input of the organization at all levels, the Vision Statement would be nothing more than bulkhead art. The group emphasized achieving an identity and purpose for every Sailor and Marine based upon the values and beliefs that derive from our people being the cornerstone *and* capstone of our Navy and Marine Corps. People will want to join and stay in the Navy because they will follow a culture, not rules. The Vision group's final briefing included the following major discussion areas and ideas:

- Turning today's rhetoric into reality.
- Implementing leadership training at the individual, team, unit, and organizational levels.
- Distributed Accountability; redefining the role of CO's; ship XO's fleet-up.
- Expanding the concept Blue & Gold crews into Dynamic Teams, Fleet-wide.
- Liberating innovation from hierarchy, unbound by rigid rules.

2. Technology

The Technology group focused on how technology will revolutionize the Navy, from war-fighting to everyday life. The Information Age mindset will survive in the Navy only if people can become innovators and users of technology at every level. A step in the right direction is to stop putting good technology on bad processes. What used to be unimaginable yesterday becomes routine today. The Navy needs to shift from "cost" of technology to "value" of technology, and use technology to enable process change. The Internet offers tremendous opportunities for improvement and can become a strategic weapon. Technology's major discussion areas and ideas include:

- Making bandwidth a top priority offers boundless possibilities.

- Online centralized databases from personnel records to supply and maintenance support.

- Unprecedented individual access to information. Smart Racks are integrated "windows from home," allowing voice and video via high-speed web access.

- Virtual detailing, evaluations and e-promotion boards.

- Simulator training better than the real thing. Evolves to unmanned platforms.

- Telemedicine and virtual corpsman.

- Stop buying IT. We are not the experts; partner with industry to stay current.

3. Logistics

The Logistics group focused on giving our people the tools they need to get the job done. Many people join the Navy and are eager to perform, but often become disenchanted by the bureaucratic, under-funded, and slow nature of our support systems. Enabled by technology, "velocity" will become paramount in delivering the right five: the right product, right place, right time, right quantity, and right quality. The Logistics group's major discussion areas and ideas include:

- People-focused platforms: man the person, not the equipment.

- Mobile Floating Support Bases replacing forward deployed bases.

- Re-supply Airships. Faster, cheaper, and more capable than MSC ships.

- Outsourcing non-core competencies. Take advantage of commercial expertise.

- Intranet- and Extranet-based industry exchanges for e-business direct to the user.

4. Professional Worklife

The Professional Worklife group looked to fundamentally change the ways the Navy evaluates, rewards, recognizes, and creates incentives for its people. Changes to these four areas will "plant the seeds for future changes." These systems were designed to promote the Vision group's desired culture of innovation and teamwork, while capturing the Technology group's focus on redesigning these processes. The Navy must move away from a paternalistic, Industrial-Age mindset to an Information-Age organization. People will want to join a Navy that offers greater equity and opportunity for both short- and long-term commitments. Professional Worklife's major discussion points and ideas include:

- 360-degree E-reviews that provide multi-dimensional evaluations. Composite scores will immediately affect pay and promotion. No more zones.
- Pay for Performance vice rank or time. Pay will increase with professional qualifications, education, and certifications. No more "up or out."
- Pay and retirement plans (401K) must be portable in the Information Age.
- Raise pay and give service members their choice of housing, shopping, and health care benefits.
- Detailers replaced with "Talent Managers," who balance individual career choice with Navy and Industry partnerships. Shift to win-win vs. win-lose paradigm.
- Dynamic Teams replace traditional crew manning and rotations.

At the conclusion of the "30-Something" final brief, Mr. Hultin simply said, "Wow!" The audience did not know what to expect, but all agreed that what was presented far exceeded their expectations. All of the participants (names are listed below) had similar assessments, too, and agreed that perhaps the most important outcome of the event was simply that it even happened! It should send a strong message to everyone that the Navy's senior leadership wants its young leaders involved in defining and building its future. The CEE currently plans to hold "30-Something" courses once a year, with the next class scheduled for April 2001.

Jack Welch, CEO of GE, once said, "If the rate of change on the outside is greater than the rate of change on the inside, then the end is near." In summary, the rate of change in the Navy is increasing, and people within the Navy can either ride this wave of change or be overcome by it. As the graduates of this first "30-Something" course can attest to, you don't have to be an admiral to make a difference. To achieve "2020 Today" is a challenge that everyone can contribute towards. The collective actions of all Navy members will make the difference. This is our Navy...change course...full speed ahead!

"30 Something" participants included:

NAME	SERVICE	WARFARE SPECIALTY
LT Robert Brodie	USN	Surface Warfare
MAJ Brian Buckles	USMC	Assault Amphib Officer
LCDR Kevin Flanagan	USN	Surface Warfare
LT Barbara Fletcher	USN	Medical Service Corps
CAPT James Frampton	USMC	Adjutant
LCDR Michael Gill	USN	Surface Warfare

LT Philippe Grandjean	USN	Supply Corps
LCDR Mark Jones	USNR	Supply Corps
LCDR Albert Kinney	USN	Cryptology
LT Sabra Kountz	USN	Fleet Support, Logistics
LT Luisto Maligat	USN	Medical Service Corps
MAJ Mitchell McCarthy	USMC	Artillery
LCDR Charles Newbury	USNR	Supply Corps
LCDR Robert Newson	USN	Special Warfare
LCDR David Nystrom	USN	Supply Corps
LT Jack Olive	USN	Aviation (helo)
LT Bruce Schuette	USN	Surface Warfare
LT Robert Thompson	USN	Surface Warfare
LT William Wilkins	USN	Submarine Warfare

APPENDIX B: THE SHIFT FROM THE COLD WAR TO GLOBALIZATION

A. INTRODUCTION

Before I discuss the environmental changes that have occurred in the world over the last 15 years, it is important to go back to the beginning of the 20th century and briefly examine a man who is credited with influencing the standards for industrial leadership and management practices of the last 100 years.

The literature refers to Frederick W. Taylor as a major influence on the role of leadership in fledgling Industrial America. He began his career as an engineer with a steam pump company in Philadelphia in 1878. As he rose to upper management, Taylor applied his scientific mindset to the principles of management. His ideas took root as leaders of Industrial America struggled to move away from a craft-based economy toward a semi-skilled labor force, typically operating one machine to perform one small piece of a manufacturing process (Fraser, 1998). The need for new industrial management techniques was met by Taylor's notion of "Scientific Management" (Dowling, 1977).

Taylor's basic premise was that man could be studied using time and motion analysis to determine the most efficient actions of every worker. "Taylorism" turned craft work into assembly line work. He presaged automation and the machine age, gave us speed-ups, down-sizings, and rules for every job (Dowling, 1977). Mechanized production gave rise to trade unions and replaced the craftsman's judgement with the time clock and stopwatch. The literature blames Taylor's scientific approach for stripping workmen of their dignity.

Taylor's principles were developed for rigid, hierarchical organizations. Decisions were made at the top, and leadership's primary role was that of control. During the thirty years that he preached scientific management, Taylor published five books on the subject. He became a major influence on conventional wisdom of management thought and, thus, how leaders viewed themselves and their roles within an organization (Farnham, 1997). Taylor created the Industrial-Age management and leadership concepts that drove American industrial production from WWI, through WWII, the Cold War, and even into today.

1. The Cold War Environment: "Steady as She Goes"

As the amassed industrial might of WWII America was completing its shift from war-time production to peace-time goods, the other "victor" of WWII, the Soviet Union, was piecing together its own idea of what the post-WWII world should look like. Every corner of the world was being contested between the U.S and the Soviet Union. Then, the Soviets became a nuclear power in 1953, and for nearly forty years the relationship between the U.S. and the so-called "Evil Empire" would become known as the Cold War. It was a "war" that was never overtly fought. Nevertheless, the Cold War, with its competition for influence and supremacy between the capitalist West and the communist East, spanned three generations and became the dominant framework for global affairs in the latter half of the twentieth century.

In his book, *The Lexus and the Olive Tree,* Thomas Friedman argues that the Cold War was much more than an economic or ideological struggle between two countries.

The Cold War was an *international system* with its own structure. The power structure was the balance between the United States and the Soviet Union. This system had its own "rules," too - neither superpower would encroach on the other's sphere of influence (the U.S. was governed by a "containment" theory, whose goal was to prevent communist expansion—i.e. Berlin and the Cuban missile crisis, Korea and Vietnam). Less economically developed countries focused on nurturing their nationalized industries, communist countries on autarky, developed countries on export-led growth, and Western economies on regulated trade. The dominant ideas were between communism and capitalism, détente and perestroika. Demographic trends included the movement of people from north to south, but east to west was restricted by the Soviet Iron Curtain. The Cold-War perspective divided the world into communists, western democratic societies, and neutral countries. The Cold War technology was nuclear weapons, measured by the throw weight of nuclear missiles, and with this came the dominant anxiety of the Cold War - nuclear annihilation. The world was basically divided up into "us and them," enemies and allies, threats and opportunities (Friedman, 2000).

According to Friedman, the ever-present danger of confrontation was a galvanizing force that focused the West and influenced the values of society for generations.

This Cold War influenced virtually every country, government, organization, and the leaders within them. Although wasteful and oppressive, the Cold War was a world struggle that was fixed and stable. Information and decision making was concentrated at the top. In contrast to today, leaders had the relative luxury of stability and, therefore, much less pressure to change.

B. THE BEGINNING OF GLOBALIZATION - END OF THE COLD WAR

On December 16, 1991 the Berlin Wall fell. The Cold War was over. However, as the world focused on the drama in Berlin, similar, less noticeable walls were coming down all around. With America the victor, the forces of capitalism were unleashed across the globe. This phenomenon was the result of three fundamental changes that were born and incubated during the Cold War and achieved critical mass by the late 1980s. These three changes occurred in the areas of *technology, finance,* and *information* (Friedman, 2000).

1. Changes in Technology, Finance, and Information

Friedman observes that major changes in *technology* were the result of several innovations involving computerization, telecommunications, miniaturization, compression technology, and digitization. Advances in microchip technology resulted in computing power doubling every eighteen months (Moore's law), while the cost of storage capacity (memory) fell from $5/megabyte to .05 cents/megabyte, making computing power more accessible to everyone. Similar revolutions occurred in cellular phones and cable systems, and the Internet emerged in 1986. The technology revolution has allowed people with a simple home computer and an internet connection to literally have an office in their home, as well as a newspaper, a bookstore, a brokerage firm, a factory, a school, and so on. And with advances in cellular technology, they can put it all in their pocket and take it with them. In addition to making people consumers of information, the internet gives them the ability to become broadcasters, as well (Friedman, 2000). Technology has, thus, brought the world closer together, bridging traditional barriers of culture, ideology, economy, and politics.

The technology revolution fostered the second major change - *finance*. The concept of a commercial bond was introduced, and, for the West, this opened up access to cash, for both companies and individual investors, that had never been accessible before. The average investor could now put his or her money into a pool of funds that was loaned out to high-risk ventures, offering the general public access to pioneering firms, innovation, and new growth opportunities.

Increased access to investment capital enabled Western economies to grow much faster than the communist economies of the East. More importantly, argues Friedman, the bond market eventually allowed for the securitization of international debt. Fund managers and the average investor could buy a piece of Mexico's, Brazil's or Argentina's debt. The national debt of entire countries was now tradable every day, with the value going up or down according to each country's economic performance. Natural market forces put enormous pressure on governments and companies of countries to conform to economic standards of global markets. If governments wanted to attract foreign investment, they had to perform well, openly and honestly, and adhere to established principles of international business, or risk falling further behind.

The third fundamental change is *information.* The first real breakthrough began with the globalization of television and radio. Cheaper and more capable satellites enabled cable television to offer hundreds of possible channels to anyone in the world who had a satellite dish. Similarly, radio was a primary source of broadcasted information about the West to people in the East. It was not an exchange of ideas, but it was enough to plant and incubate the seeds of discontent behind the Iron Curtain.

Friedman states, "As much as television and radio have done for the spread of information, they pale in comparison to the power and potential of the Internet." No one owns the Internet. It is totally decentralized and can't be turned off. It has the potential to reach into every home in the world. It allows for the free exchange of ideas, collaboration among individuals for any cause—many of whom have never seen nor will ever meet each other—and is the world's largest source of information. In other words, we all increasingly know how each other lives, no matter how isolated the individual or country. Access to information puts continuous pressure on governments, organizations, and individuals to keep up. The best economic standards of living, the most successful organizations and people, become the benchmarks by which we all judge ourselves.

The rapid pace of change, driven by the forces of capitalism, access to capital, and the free flow of ideas, makes traditional organizational structures less effective. Slow bureaucracies, command and control structures, and their old norms/roles of leadership embedded in them, can not keep up with the rapid pace of change and complexity of globalization. Access to information within wired organizations breaks down cultural barriers and traditional hierarchies in the same manner as globalization did to the former Soviet Union. The new demands of the Information Age and globalization are redefining leadership's role in achieving organizational success.

C. INTO THE NEW MILLENNIUM - CHALLENGES IN THE 21ST CENTURY

Up to this point, I have shown how globalization came into being and how it helped end the Cold War by the beginning of the 1990s. To date, globalization has been growing for the last ten years; therefore, I need to define more precisely what globalization has become. Globalization is the new environment that organizations must learn to operate within. Chapter II discussed how this changes the role of leaders in achieving organizational success, and presented the new competencies required by leaders in this new era.

1. The System of Globalization

In the Information Age, or knowledge economy, globalization defines a new environment that leaders must learn to operate within. Whereas the world was previously marked by division, the world today is marked by integration. We are all increasingly interwoven by networks of technology, people, disciplines, markets, politics, culture, and the environment. This is symbolized by and manifested in the Internet. In the Cold War system, two people were in charge: the heads of state for the U.S. and the Soviet Union. Today, argues Friedman, the Internet makes us *all* in charge. Instead of Superpowers who measure their strength in megatons, the Internet gives us *super-empowered people* who measure their strength by megabits of information (Friedman, 2000). Globalization, unlike the Cold War, is not frozen, but is a constantly changing and dynamic system.

Free-market capitalism is the driving idea behind globalization. Growing integration enables everyone to see how each other lives, in terms of wealth, freedom, knowledge, opportunity, and quality of life putting pressure on boundaries to free trade, competition, and investment. The essence of capitalism is best described as a process of "creative destruction" (Elliott & Schumpeter, 1980). Capitalism is a perpetual process of breaking down the old, less efficient products and organizations and replacing them with new, more efficient and effective ones. Thus, "speed"—speed of commerce, travel, communication, and innovation—becomes the defining elements of success. In the face of such challenges, our old norms/roles of leadership have been turned almost completely upside down. Instead of Harry Truman's motto of leadership, "The Buck Stops Here," leaders today might say, "The Buck Starts Here." In the face of a rapidly changing environment and increasingly complex issues, leaders are decentralizing authority and empowering their people. The basic structure of organizations is becoming flatter. Employee participation is growing, and the value of each individual is increasing. The role of leadership is changing from hierarchical control to stewardship in the service of their people's initiatives.

2. Globalization Backlash

Friedman argues that rapid integration also produces a dangerous backlash against globalization from those brutalized by it and/or those who perceive it as a threat to their current way of life. Globalization tends to be homogenizing to a certain degree in terms of culture. This can evoke deeply rooted emotions and sometimes result in violence or even war. Therefore, leaders have the responsibility to determine what is worth keeping and what is not. To a large degree, this is a function of the speed and careful planning that leaders take in assimilating their organizations. For many organizations, adapting to a world under globalization is a transformational change that will dramatically alter the existing roles of leadership.

Finally, globalization has a more complex defining structure of power. The Cold War was primarily a drama between the U.S./NATO and the Soviet Union. The system of globalization, by contrast, is built around three balances, in which the U.S. military plays a lead role.

3. Globalization: Structure of Power

According to Friedman, the first balance of power is between the United States and the other nation-states of the world. The U.S. has emerged from the Cold War with an economy and a military that are the envy of all. For the expansion of globalization to continue, the United States must continue to foster stability. As the leading country in this free market economy, we stand to gain or lose the most should we fail at maintaining this accord.

Friedman defines the second balance as the balance between nation-states and global markets. Unlike the Cold War, the markets of today are made up of investors who can move money around the world with the click of a mouse. Combined with the key global financial centers of the world—Wall Street, Hong Kong, London and Frankfurt—the attitudes and actions of this "Electronic Herd," as Friedman calls them, have a huge impact on the very existence of nation-states and their governments who endeavor to join in the global market. The "Electronic Herd" acts purely on the basis of free-market capitalism. As a result, the pressure on governments and organizational leadership is enormous, even to the point of triggering the downfall of governments. In the wired world of the Information Age, the United States is simply one of many players.

Finally, Friedman argues that the third balance is between nations-states and individuals. Because of the Internet and the demise of many barriers, people have more power than at any other time in history to single-handedly influence organizations, entire markets and nations. Individuals can increasingly act upon the world stage, unsupervised, and unmediated by any person or state. For example, computer viruses designed by teenagers have wreaked havoc across the web; Saudi millionaire Osama bin Laden attacked two American embassies, and we fired over 75 cruise missiles in retaliation - at an individual. Nevertheless, this power gives people the opportunity to do many great things, as well.

The "new world" is only ten years old now. It should not come as a surprise that globalization is still finding its bearings. The intricate checks and balances that stabilize economies will be incorporated in time. The spread of free markets and democracy around the world is permitting more and more people to turn aspirations into achievement. While the world continues to hold great promise, the U.S. will play a major role in providing stability through economic influence and military presence.

APPENDIX C: "THE POWER OF ALIGNMENT"

A. SYSTEMS FRAMEWORK ANALYSIS

The Systems Framework Analysis illustrated in Figure 4 gives us a framework to help us understand how to achieve desired culture, outputs and outcomes for our Navy.

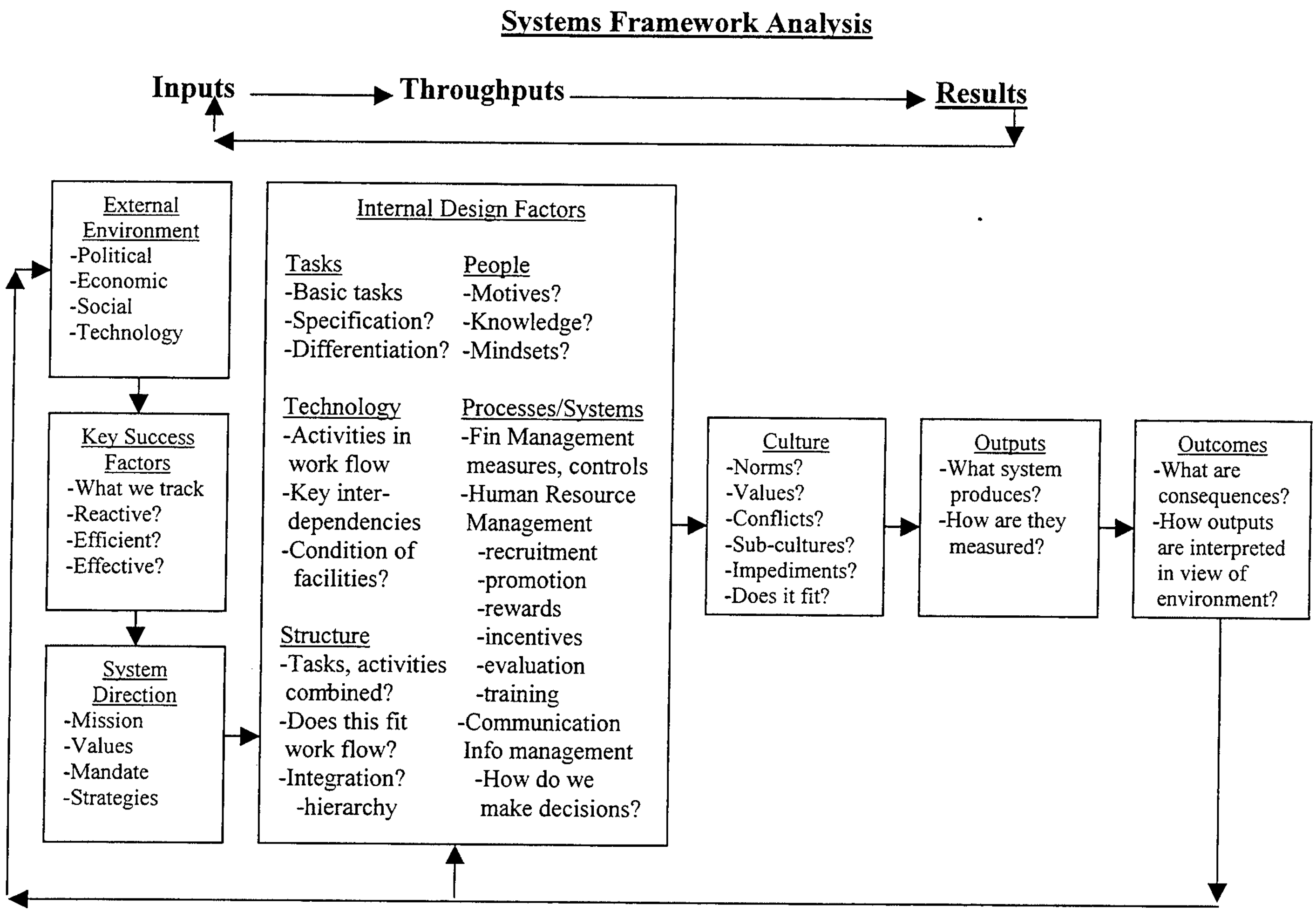

Figure 4. Systems Framework Analysis. (Professor Nancy Roberts, Naval Postgraduate School, Monterey, CA, 2000).

This framework illustrates the need for and power of alignment. When viewed in terms of the *External Environment,* these consequences become reasons for adjustments to *System Direction* and *Design Factors* - that is, adjustments in the direction of creating better alignment between all three. *System Direction* and *Design Factors* are what we have direct control over as leaders and managers. The goal is to create an entire system that has alignment in all dimensions: *environment* reflected in the espoused *direction of leadership*, which reflects alignment vertically and horizontally throughout the *organization's design*, which creates the desired *cultural* alignment that produces the expected *outputs and outcomes*. This is a cycle that requires leadership to maintain a pulse on the changing external factors, while simultaneously monitoring performance indicators of the organization.

1. External Environment

Of all the areas in the model, the Navy's operating environment has experienced the most profound changes, yet the organization and its leadership have little or no influence over the external environment. Therefore, one of leadership's primary roles is to monitor the external environment in order to be able to predict the success of management plans and the relevancy of long-term strategies.

2. Key Success Factors

Key success factors allow us to determine if the system is successful. They also allow us measures that we can track to monitor changes to both our external and internal environments.

3. System Direction

System Direction is the responsibility of leadership at the top of the organization. This direction manifests itself in organization mission statements, visions, mandates, values, goals and strategies. These statements should anticipate and respond to the changing environment and be measurable as a key factor of success. Further, these statements should translate directly into the expected behavior of the people in the organization. Vision, values, and principles are intended to be a guide for all decisions and actions that the people in an organization make with respect to stated goals and objectives. These values become the "DNA" of the organization's growth.

4. Design Factors

Design Factors are the change levers of leadership. They are the systems and processes of an organization that, when put into place, produce the culture, outputs, and outcomes for the organization. Briefly, Design Factors include:

- Tasks - The tasks required to produce the outputs.
- Technology - In organizational theory terms, this refers to the activities, equipment, and knowledge to get things done.
- Structure - The design of the organization—hierarchy, matrix, networks.
- People - Motive, expectations, mindsets and knowledge of the people.
- Process/Subsystems - Financial management, measurements and control; human resource management; communication, information management, and decision making.

Understanding the basics about organizational design allows the manager to understand how organizations function. Hence, the effective design of organizations can have profound effects on organizational functioning. Table 4 will help summarize the differences in design dimensions over the range of the operating environment.

Table 4. Differences in Design Dimensions Over the Range of the Operating Environment. (Greenburg, 1996)

Design Factors	**Environment, Stable**	**Environment, Change likely**
Tasks:	Specialists, specific skills	Generalists, multiple skills
Technology:	Large-batch production	Continuous-process production
Structure:	Mechanistic	Organic
People:	Task oriented, skill based	Process oriented, knowledge based
Process/Sub-systems:	Centralized, hierarchical	De-centralized, flat, networked
Other Dimensions		
Spans of Control:	Narrow, vertical	Wide, horizontal
Creativity:	S.O.P.s	Innovation
Responsibility:	Defined job description	Team-based
Information:	Held, competitive	Shared, holistic
Changes:	Slow	Fast
Quality Control:	External	Self-governing
Feedback:	Problem-focused, past	Developmental, future
Appraisals:	Traditional, supervisor	Multi-dimensional, 360
Characteristic Era:	Industrial Age/Cold War	Information Age/Globalization

5. Culture

Culture is the result of the system. Leadership can only influence, not dictate, culture through System Direction (leadership) and Design Factors (change levers). This system and resulting culture drive outputs.

6. Outputs and Outcomes

Outputs are what the system produces. In the case of the Navy, our Outputs might be: 1) our war-fighting capability, and 2) quantity and quality of leaders. In the Systems Framework Analysis, what results from Outputs are called Outcomes. Outcomes, in other words, are the consequences and implications of the Outputs. If the desired Outcomes are not what leadership expected, then the result becomes input for reconsideration in the cycle of the model.

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APPENDIX D: A NEW APPROACH TO CHANGE

A. INTRODUCTION

The nature of 360-degree feedback and the Information Age requires modification of the way we view and lead change. This Appendix discusses why we need a new approach to change and how that approach will affect the way we design and implement 360-degree feedback for the Navy. After a review of the limitations associated with mechanistic organizing, and the traditional change methods associated with it, I suggest a new change method called Large Group Interventions (LGI). The LGI change method can be used in various forms, but one of the most refreshing new approaches uses Appreciative Inquiry as its framework. I discuss Appreciative Inquiry and why it is a better alternative to traditional problem-solving methods. Ultimately, the Large Group Intervention combined with Appreciative Inquiry uncovers the intent behind 360-degree feedback - developing outstanding leadership. This yields what I call the Leadership Summit. The summit will lay the groundwork for the design and implementation of the 360-degree feedback system by first discovering and capturing the Navy's "Positive Core" about leadership.

B. WHY WE NEED A NEW APPROACH TO CHANGE

When Hammer and Champy wrote their book, *Re-Engineering the Corporation,* they promised dramatically improved results. Like TQM, re-engineering began with customers and worked backwards to processes created to serve them. But its objectives were limited. It wasn't concerned with leadership development or changing culture, but with radically fixing inefficiencies and ineffective processes. It ultimately was a mechanistic approach that yielded one-time gains that could not be sustained. In many cases, companies used re-engineering simply as a convenient cover for the cost of cutting they needed to do to produce short-term, bottom-line improvements (Loabovitz & Rosanky, 1997). In the case of the Navy, re-engineering also meant "do more with less."

In the November 26, 1997 edition of *The Wall Street Journal*, Michael Hammer pointed out that he and others had simply overlooked *people*: "I wasn't smart about that...I was reflecting my engineering background and was insufficiently appreciative of the human dimension." People have been moved around and, in many, cases laid-off or RIF'd. For those organizations and their leaders who did not account for the human dimension, re-engineering and TQM were a failure. People got fed up with it and left (Navy, again, included). In the wake of re-engineering, organization leaders have been looking for ways to engage their people and involve them with the change process.

Fundamentally, the purpose behind introducing large-scale change to an organization is to help it adapt to its changing environment (Senge, 1990). However, the realities of globalization, where the pace of change has never been more dynamic, requires that we approach this task with a wider variety of innovations (Filipczak, 1994). Sophisticated development in the computer and technology fields forces us to reassess the way we manage organizational structure, empower our people, respond to instantaneous multiple requirements, and incorporate new advances in communication technology (Claman, 1998). In the case of the Navy, the range of stakeholders is much greater than that of typical private organizations (i.e., the common stock shareholder). Both peace and wartime naval activities are under the constant scrutiny of the press and public. There are very high expectations for all aspects of performance, with little tolerance for mistakes, and there is virtually no tolerance in wartime for personnel casualties or collateral damage. Combine this with the dynamic operating environment, and the Navy needs to employ a change-intervention technique that will achieve rapid change while engaging multiple stakeholders all at once.

System-wide, simultaneous change will be one of the challenges for the 21st-century leader. Traditional approaches of change intervention have focused on top-down methods and generally are limited to small groups at a time (Bunker & Alban, 1997). That worked under the more stable conditions in the Cold War prior to globalization. However, given today's pace of change, traditional methods can not create change fast enough to keep up; nor can they engage the multiple interests of many stakeholders. Organizations can not afford to wait patiently for interventions to work. Interventions must be developed to change whole systems at a time, as rapidly as possible. In understanding the limitations of our traditional change methods, it is appropriate to first understand the context from which they came.

1. Limitations of Mechanistic Organizing

By definition, characteristics of mechanistic organizations can be described within four dimensions: *Stability, Specialization, Formal Rules, and Authority* (Greenburg, 1996). *Stability* refers to the level of turbulence in the environment or operating conditions. As discussed in Chapter II, the Cold War system was a relatively stable environment. Mechanistic organizations perform better when change is unlikely. *Specialization* refers to the level of task interdependence. If there is low task interdependence, then there are more specialists than generalists. Mechanistic organizations desire a high degree of specialization. *Formal Rules* refer to the rigidity of the organization. Mechanistic organizations have rigid rules, with little flexibility built in for alternative thinking. Finally, *Authority* is vested in a few people located at the top of a hierarchy who give direct orders to subordinates. In general, mechanistic organizations are designed for efficiency over effectiveness.

This type of organizational structure is intended to be constraining by its nature. For the leader in a mechanistic organization, change interventions present their own unique challenges due to the limitations of mechanistic design (Barrett, 2000):

- Inaction or lack of coordination.
- Work becomes backlogged when normal routines are disrupted.
- Fear of being chastised induces people to hide errors or avoid trouble.
- Leaders find themselves facing issues that are inappropriately defined and which they have no real idea how to approach.
- With high degrees of specialization, interdepartmental coordination is poor.
- People often adopt attitudes such as "its not my job to worry about that." Defined job descriptions clarify what is expected and what is not. This encourages passivity and dependency when problems arise.
- Hierarchical structure encourages managers to think control must be exercised *over* the organization rather being an integral to the organization.
- Personal interests of those working in the organization begin to take precedence over the goals the organization was designed to achieve.

- Has a dehumanizing effect upon people, especially those in lower levels.
- Excessive segmentation between different hierarchical levels, functions, roles, and people tend to create barriers and stumbling blocks.
- Finally, conversation by members focuses on finding problems and their solutions. There are very few appreciative, valuing contexts in which members take notice of successes, positive qualities, or developmental opportunities. Similarly, there are few conversational contexts in which members simply imagine or plan for innovative future scenarios.

As a result, similar limitations arise when change is introduced. The most typical change strategy consistent with mechanistic organizing is the top-down strategy.

2. Limitations of a Top-Down Change Approach

A top-down strategy suffers from two major limitations: the amount of resistance it creates, and the large amount of time it requires (Bunker & Alban, 1997). A top-down strategy assumes change will cascade down from the top, but often these efforts stagnate or get distorted. Bunker and Alban note that, even when representative groups of employees are established to analyze a process and/or make a recommendation, the effort takes time and the recommendations have to be pitched to upper management and then to the larger organization. Dodd & Frank (1987) enumerate some additional limitations:

- Less-informed people results in less-effective change.
- Few try to convince many.
- Partial responsibility mindset occurs.
- Change occurs sequentially.
- Change is perceived as a disruption of the real work, "change of the month."
- Pace of change is slow.

- Breakdown at implementation.

The dramatic changes experienced as a result of globalization are driving leaders of organizations (Navy included) to redesign their structures, de-centralize authority, create cross-functionality, and loosen control to create a more flexible and adaptable entity. Similarly, the traditional top-down change strategy must evolve to meet these requirements. The change intervention of the 21st century must be fast, involve the "whole system," foster teamwork, value people, encourage innovation, and support a learning environment (Bunker & Alban ,1997; Senge, 1990; Coghlan, 1998; Manning et al, 1996). It must also engage the organization from the bottom-up, the middle, as well as from the top. One change method that meets these requirements is called a Large Group Intervention.

C. A NEW APPROACH TO CHANGE: LARGE GROUP INTERVENTIONS

The Large Group Intervention was not developed recently. Its origins lie in the Lewinian tradition of field theory, group dynamics, and action research, as they evolved into the field of Organizational Development (OD) (Coghlan, 1998). In fact, large-scale change grew out of the OD field in the 1950s, starting with the work of Fred Emery, Eric Trist, and the Tavistock Institute. Trist's discoveries about self-directed work among coal miners in England became the genesis of the theory of Socio-Technical Systems (STS) (Filipczak, 1995).

The STS approach to organizational development encompasses analyzing an organization's external forces (customers market, competition, and change), its technical forces (process used to make and deliver the product or service), and the human element, such as rewards, evaluation system, motivation, training, and relationships among people (Filipczak, 1995). These data, once they have been gathered, are collectively called the "whole system" view of the organization (Weisbord & Janov, 1995). This perspective was often employed in top-down change methods as a design committee that had a vertical slice representation of the "whole system." Filipczak adds that, after analysis of certain topics, this committee would recommend ways to management to become more effective. As discussed earlier, this traditional approach suffered from being slow, and it created a resistance to change due to its insulating effect on the committee, thus limiting involvement by the rest of the organization.

These drawbacks, combined with the new demands of globalization, have brought OD experts to examine a new approach - getting the "whole system" in a room together for several days of intense work, known as the Large Group Intervention. The generic purpose of an LGI is to enable those who have a stake in the system to discuss shared desires and intentions, take responsibility for their own plans, and implement a shared vision (Coghlan, 1998). Five simple tasks underlie the work of an LGI (Weisbord & Janov, 1995):

- Review the past.
- Explore the present.
- Create an ideal future scenario.
- Identify common ground.
- Make action plans.

1. Types of Large Group Interventions

There are up to eleven different applications of LGIs, but generally six are used the most (Bunker & Alban, 1997; Manning & Binzagr, 1996). These six methods are listed below with a brief description of each (Manning & Binzagr, 1996).

a. Future Search

The primary objective of Future Search is to create an organization that the stakeholders desire. The values underlying this intervention are the creation of an egalitarian organization in which a collective free will can be exercised. This is done over a three-day period and is attended by selected organizational stakeholders that represent internal and external interests. Participants establish common ground, generating and analyzing data such that they can be reduced down to a manageable size and an agreed-upon set of views and ideals.

b. Search Conference

The Search Conference is a method used for participative planning. It assumes that organizations must actively adapt to their environments. It enables people to create a plan for their organization's most desirable future in a manner that they can take responsibility for carrying out themselves. It is used often to bring people of diverse and conflicting perspectives together in a cooperative manner on complex issues. It is typically a three-stage process. First, participants engage in exercises that enable them to conduct an open systems exploration to establish a foundation of shared information. Second, activities are conducted to clarify the desirable future over the next five to ten years. Finally, participants develop plans for implementation by identifying goals and key actions. Like Future Search, there are no presenters or speeches. All ideas are valid, and participation is equal and open.

c. *Open Space*

As the name suggests, Open Space is the most open. People are invited to an open forum to share their ideas and opinions, provided they are willing to take responsibility for them. Participants are advocates for their positions and invite others to join them. If energy and interest exist, they then convene to another location to discuss the specifics of their ideas and plans. This approach rests on the assumption that, when individuals have the freedom and responsibility to take actions, they will do so in a responsible, action-oriented way. This method works well for organizations immobilized by inaction. The Open Space forum provides the opportunity to move the organization forward.

d. *Large Scale Interactive Process Methodology*

This method is sometimes referred to as Real Time Strategic Change, in that it attempts do away with the idea that change is an "event" rather than a simultaneous process. This method assumes that there is no separation between planning change and implementing change. The basic view that everyone's opinion is true allows one to be open to understanding how other stakeholders see the world. Although speeches and presentations are allowed, this approach strives to create a revolution within the current process of organizing.

e. *Simu-Real*

The purpose of this technique is to make organizational processes more visible to its members. A group of people are brought together to simulate the formal and informal relationships that exist within an organization. This assumes that, if all members can become consciously aware of organizational processes, then individuals can rationally choose how to change them. This is a one-day event. Participants raise questions, exchange observations, and simulate future scenarios in order to predict consequences for the organization. This experimentation allows testing of alternative solutions, and gives voice to members in designing the organization's future.

f. Fast Cycle Full Participation/Conference Model

This method seeks to change organizations through the design of work. This intervention differs from traditional STS approaches in that it employs LGI techniques to accelerate and compress timeframes. This assumes that the design of work is compatible with those individuals performing the work, and advocates assumptions of change consistent with the "whole system in the room" concept. Four conferences are used: a visioning conference; a customer/supplier conference; a technical conference; and a design conference. This framework is then used for STS analysis and new organizational design.

2. Common Assumptions of Large Group Interventions

LGIs are different from other forms of organizational change because they emphasize the concept of involving "the whole system" over condensed timeframes. For someone who has been exposed only to traditional change strategies, this may appear very counterintuitive. The commonly held notion is that a small group of people can get more done than a large group. To better understand why this not true for LGIs, we need to discuss six assumptions common to the above methods described (Manning & Binzagr, 1996; Bunker & Alban, 1997).

a. Organizations Must be Viewed Conceptually as "Whole Systems"

This is a systems-thinking perspective in which one views an organization in a holographic manner. Each part of the organization is a manifestation of the whole, where at any point in time, each individual and every part reflects the whole organizing process. Viewing organizations as a system emphasizes that everything is connected to everything else.

b. The Creation of Dialogue Among all Organization Stakeholders

For organizations to be viewed as "Whole Systems," dialogue and mutual understanding must be achieved within and across organizational boundaries. To develop an awareness of the organization's inter-connectedness, there must be an ongoing dialogue among organizational stakeholders that goes beyond traditional functional and disciplinary boundaries. Each of the six LGI methodologies incorporates various techniques to promote openness and understanding of the multiple stakeholder perspectives.

c. Organizations do not Exist, but Organizing Processes and Procedures do

Organizations are not tangible. Rather, they exist as a reflection of the processes and procedures that people put into place. Seeing organizations as static will limit the appreciation for the complexities present in organizing processes. Each of the six LGI methodologies focuses on organizations as the act of organizing.

d. What We Perceive as Our Collective Organizational Reality Becomes the Organization that is Created

What we perceive individually as reality becomes the reality we create. What we collectively assume to be real becomes the organizational reality. Senge refers to the way people perceive things as "mental models." The implication is that we need to be able to articulate the dominant paradigm(s) within an organization in order to test this model against possible outcomes and other means of organizing to help achieve the reality that individuals desire.

e. Individuals Within Organizations have the Capacity to Self-organize and Redefine their Reality

Assuming that our collective reality becomes our reality, then we also have the capacity to rewrite it. Our paradigms and mental models give us certainty in uncertain times. To change our perception requires that we reexamine and challenge our mental models, but this can be very unsettling. Future visioning is a technique common to all six of the LGI methods, in which an agreed-upon, desired future helps overcome the various anchored mental models of the present in order to anchor a new, common mental model of the future. Issues are re-framed, and what was once a point of difference is now overcome by a guiding common desired future.

f. Humanity Shares a Set of Inherently Good Universal Values that will Ultimately Influence Voluntary Collective Action

For a large-scale change to be effective, it must facilitate members to discover and experience personal values that are expressed in a fashion that is owned by the organization. This assumes that organizations are composed of reasonable people with good values and, hence, there exists a common ground of goodwill from the outset. Free will underlies the importance of LGIs occurring voluntarily in order to develop a sense of personal ownership. Each participant comes with the expectation that he or she is there to make a difference.

These common assumptions form the foundation upon which LGIs are based. With this established, some examples of organizations that have chosen to use this powerful change intervention will clarify how LGIs are employed.

3. LGI Examples

Being able to change rapidly is a competitive edge in today's hyper-competitive world. In that regard, LGIs have benefited from the spotlight with some high profile successes in some pretty big organizations.

U.S. West, Levi Strauss, Ford, Mobile Oil, the CIA, and Boeing have used LGIs to approach a variety of challenges. In the cases of U.S. West and Levi Strauss, the task was to establish new strategic priorities in a collaborative manner. Ford used LGI methods to plan and open its Mustang plant in 1993. It held an LGI for a group of 2,400 people in four separate ballrooms. Each ballroom had two facilitators, but it all occurred simultaneously. Mobile Oil held an LGI that involved more than 400 employees. Their objective was to discuss how to turn Mobil into a high-performance organization. It was the first time oil workers from Mobil had sat together with executives and managers in the same room, much less to talk about business concerns. For Mobil, having the "whole system" in the room allowed everyone to share in the creation of their future together (Filipczak,1995).

At the Central Intelligence Agency (CIA), a large department within the organization had a reputation for terrible customer service, perhaps the worst in the CIA. The department was fraught with "stovepipes." People were concerned only about their group issues, not about the overall, department-wide operation. Leadership decided to do a customer survey. The results were so shocking that they provided the catalyst for unprecedented cooperation amongst senior leaders to do something about it. For three days, they brought all employees, key customers, and providers of service to the department to launch their change effort using an LGI. Because of the whole scale involvement in this effort, they almost immediately moved into implementation of the agreed-upon changes. Follow-on task teams set out to work on the details (Johnson & Tolchinsky, 1999).

If you travel, you have probably flown on one of the most remarkable and highly publicized LGI success stories - the Boeing 777 airliner. Instead of being just an event to kick-off a change intervention, Boeing turned its LGI format into a way of working. The 777 effort lasted four years, and some of the meetings involved 500 to 5000 people. It is also worth noting that typical product development of a new airliner is 12 years. Boeing planned, designed and produced the first 777 in only five years. Phil Condit, now president of Boeing, was in charge of that effort, and Condit said that he wanted to try something new with the 777 project. He wanted to get everyone on board, get them involved in the process throughout the design and build cycle, get feedback on how they were doing, and build a different kind of community. In fact, the LGI method fit very well into Boeing's team-oriented structure. Groups typically consisted of 80 persons and covered a range of technical considerations. Every group that was added to the project attended an LGI as an indoctrination to this new way of working. Each session was led by a vice president. Employees commented that, in the past, they sometimes went 20 to 30 years before they ever talked to a vice president in the company. Boeing has continued to use the LGI process in the rest of the company to break down more barriers, share information, and get customers more involved in product design (Filipczak, 1995).

These examples give us a better appreciation for how to use an LGI. We can summarize the characteristics of LGIs as follows:

- Whole System Thinking
- Learning Environment
- "The Buck Starts Here" leadership
- Teamwork is Encouraged - "Win - Win" vice "Win - Loose"
- Innovation is Encouraged - all opinions have validity
- Valuation versus Evaluation
- Learn From What is Right
- Large, yet Highly Productive
- People are valued as Intellectual Capital
- Intervention is a Bottom-up, Middle, and Top change strategy

The LGI technique is most often used for strategic change, such as a change in business strategies, developing a mission or vision, or fostering a more participative work environment. It is not good for specific problem solving, so leaders should not think that this is a replacement for all change methodologies. It is important to give strong consideration to when it is appropriate to use an LGI and what kind of technique might work best.

4. An LGI for 360-Degree Feedback

In the case of 360-degree feedback, an LGI clearly fits the bill as a strategic change intervention. As a leadership development tool and performance appraisal system, it has the potential to affect every person in the Navy; thus, everyone is a stakeholder. While a traditional top-down approach can not engage the multiple dimensions that 360-degree feedback involves in a timely and meaningful way, an LGI or a series of LGIs can.

A LGI for 360-degree feedback in the Navy would have vertical and horizontal internal representation, as well as key leaders from major stakeholders and external stakeholder representation. All pay grades, as well as all communities and customers, should be represented. In selecting an appropriate kind of LGI for implementing 360-degree feedback in the Navy, it is important to reflect carefully on what the purpose of introducing 360-degree feedback is in the first place.

The Navy is largely an engineering organization, so our natural inclination is to use a linear, problem-solving approach to change. However, scientific thinking invokes reductionism in problem-solving techniques. This mindset does not consider the many different stakeholder perspectives in 360-degree feedback. It is not a "systems thinking" approach. Further, problem solving is inherently a past-oriented strategy ("What went wrong?"), whereas LGIs are inherently future-oriented. Recall that one of the strengths of LGIs is a common image of an ideal future state, which is capable of bringing differing perspectives together. This agreed-upon future then enables participants to be creative and to generate ideas that will move the organization towards that ideal state. By having key leaders from the major stakeholders present, ideas can be generated together and acted upon immediately.

The literature on LGIs notes that facilitation throughout is a critical success factor. The facilitators have the important responsibilities of keeping the group focused in an positive manner and preventing the meeting from turning south and becoming too fault-finding. Hence, the planning and framework behind an LGI sets the stage for the success or failure of the event. One of the most exciting and refreshing approaches to doing LGIs is a framework called Appreciative Inquiry.

D. APPRECIATIVE INQUIRY

I was introduced to the concept of Appreciative Inquiry by Dr. Frank Barrett, one of the presenters during the "30-Something" course I attended in February 2000. Dr. Barrett is one of the co-founders of Appreciative Inquiry, along with Dr. David Cooperrider. Later, as part of my thesis research, I was fortunate to attend a five-day seminar on Appreciative Inquiry led by Dr. Cooperrider, considered by many to be the leading expert in the field today. During the seminar, I learned about the principles behind Appreciative Inquiry, why it came about, and how to apply it in practice. Specifically, how it could be applied to designing and implementing a 360-degree feedback program.

1. What is Appreciative Inquiry?

Appreciative Inquiry in its basic form is a mindset. It is a different attitude and approach to living and learning. To *appreciate* means to value what is best about something. *Inquiry* is the search for information through questioning. Hence, Appreciative Inquiry is the act of inquiring with a sense of value to discover the best of some thing or human system (Bloom & Whitney, 1998). Carrying this into organizational development gives us a philosophy and methodology that emphasize the capacity of organizations for positive change and ongoing adaptability (Whitney & Chau, 1998). The art of appreciation is the art of discovering and valuing those factors that give life to an organization, of identifying what is best in the current organization (Barrett, 1995). Appreciative Inquiry focuses on imaging possibilities and generating new ways of looking at the world, which fosters what Peter Senge calls a "learning organization."

There are two kinds of organizational learning: adaptive and generative (Barrett, 1995). Adaptive learning focuses on responding to and coping with environmental demands in an effort to make incremental improvements. It focuses on current problems, but does not challenge the framework that generated those problems. Adaptive learning uses a problem-solving and scientific methodology. Generative learning, on the other hand, focuses on continuous experimentation, systemic rather than fragmented thinking, and goes beyond the framework that originally generated the problem. Barrett explains that generative learning uses innovation to transcend previously imagined limitations and to challenge current paradigms. Generative learning comes from the theory of social constructionism and has an appreciative approach. In understanding the need for

Appreciative Inquiry in organizational life, we must first understand the limitations of traditional problem-solving approaches.

2. The Problem With Problem Solving

While the scientific method and the reductionism inherent in problem-solving methodology have given us many advances, problem solving suffers from four fundamental limitations (Barrett, 1995):

- *Dwelling on Problems is Inherently a Conservative, Limiting Approach to Inquiry:* We approach problems from within the same framework from whence they came, which rarely leads to permanent solutions. This leads to patterns of coping—living with diminished expectations rather than inquiring into creative possibilities. Further, a problem-solving mentality risks reaffirming the status quo.

- *A Problem Focus Furthers a Deficiency Orientation:* Managers tend to base their self-worth on what problems they find. This generates a force of problem experts, but it can also lead to a sense of hopelessness: i.e., "No matter how well we do, something will always go wrong."

- *Analytic Problem Solving Furthers a Fragmented View of the World:* Problem solving inherently involves breaking systems down into their parts. Members become experts on smaller and smaller parts or areas of the organization. This lack of a systems perspective can cause new problems elsewhere in the system/organization because people are not thinking or understanding their actions' impact on the "whole system" (i.e., the rest of the organization).

- P*roblem Solving Results in Further Separation Between Stakeholders:* When inquiry is problem-focused, people often develop defensive postures, seeking to escape blame rather than discover new approaches. People compete for the honor of being the one who solved the problem. This vicious cycle is counter to producing an atmosphere of trust. People become more vested in defending their positions than in being innovative for the good of the organization.

The implication for leadership development is that, if an organization develops leaders from an adaptive learning standpoint, then the end-state of the organization is one that is "addicted" to fixing problems because the best problem solvers are rewarded and advanced. Barrett argues that the resulting fragmentation creates specialists (stovepipes) and languages that others can not understand. The best of these specialists become heroes - organizations promote them and even create entire departments and/or organizations in which they can hone their craft (auditors, QA inspectors, etc.) More importantly, the language of the organization becomes deficit-based. Words create images in the mind, and these constant negative images have serious long-term implications for organizations, and even for whole societies (Barrett, 1995).

Studies have shown that the power of perception to create individual reality through the Pygmalion and placebo effects has equally powerful implications for the future of organizations (Cooperrider, 1990). Our "mental models" filter the world around us in a manner such that what we know is what we see (Senge, 1990). For an organization, this collective image of the future has a guiding effect on the destiny of the entity - for better or for worse.

In his comprehensive study of western civilizations, sociologist Fred Polack states: "The rise and fall of images of the future precedes or accompanies the rise and fall of cultures." Polack concludes that our current civilization, with all its technology and wonders, is *the most* cynical and negative of all the civilizations he studied. Appreciative Inquiry grew from the need to balance this dilemma.

Table 5 helps to summarize the differences between a problem-solving approach to change and an Appreciative-Inquiry approach:

Table 5. The Differences Between Problem-Solving and Appreciative-Inquiry (Cooperrider and Whitney, 2000)

Problem Solving:	**Appreciative Inquiry:**
- Identify Problems	- Discovery: "Appreciate what is."
- Conduct Root Cause Failure Analysis	- Dream: "Imagine what might be."
- Brainstorm solutions and analyze data.	- Design: Root Cause Success Analysis "What should be."
- Develop action plans	- Destiny: "What will be."
Deficit-based inquiry	***Positive-based inquiry***

One of the most important differences between problem solving and Appreciative Inquiry is that Appreciative Inquiry changes the internal dialogue of an organization from negative-oriented to positive-oriented discourse. A healthy individual has at least a 2:1 positive to negative ratio in his or her daily discourse. Likewise, functional groups have a positive imbalance of 1.7:1 (Cooperrider, 1990). Deficit discourse is a learned habit of communication, and Appreciative Inquiry provides an alternative "habit of discourse."

A simple illustration of this *affirmative competence*, as it is known, comes from a study of bowlers. Two groups of amateur bowlers were given a month's instruction each. Each group was videotaped and, at the end of each day, given classroom instruction using the tapes. However, Group 1 had all of their bad shots edited out, while group 2 had their good shots edited out. Group 1 studied what they did right. They focused on throwing the perfect strike. Group 2 studied what they did wrong and focused on how not to through a gutter ball. In the end, both groups advanced, but Group 1 was more than

100% better than Group 2 (Barrett, 1995).

Other studies also suggest a difference between dwelling on eliminating obstacles and conjuring images of success. Extrapolating this to the organizational level demonstrates that groups that are successful at focusing on a script of "throwing the perfect strike" perform at much higher levels than groups who "avoid throwing the gutter ball."

Appreciative Inquiry was introduced to the "30-Something" participants as a part of the course's intention to stimulate "out-of-the-box" thinking. However, before arriving, all of the participants were asked to make cartoons or drawings depicting typical Navy/Marine Corps life and to bring them to post around the classroom. After Appreciative Inquiry was introduced, one participant rather astutely noticed that every single picture was negative! Not one emphasized a positive aspect of the Navy and Marine Corps. At this point, we realized what we had become. This was the mindset that the Navy and Marine Corps had created in us. Appreciative Inquiry represents the balance we are missing in our Navy. Consider the way in which our Navy currently uses surveys, inspections, and statistics to ascertain data on key issues, such as retention, readiness, EEO, quality of life. We measure literally hundreds of deficit-based performance metrics (It is beyond the scope of this thesis, but it would be revealing to determine the Navy's ratio of positive to negative discourse in an average day).

3. The Five Basic Principles of Appreciative Inquiry

Appreciative Inquiry has five basic principles regarding the nature of organizations (Zemke, 1999):

- *The Principle of Constructionism.* Knowledge and organizational destiny are interwoven. To be effective as managers, change agents or leaders, we must be adept in the art of understanding organizations as living human constructions.

- *The Principle of Simultaneity.* Change begins the moment we ask a question. The seeds of organizational change are implicit in the first question we ask. The questions we ask set the stage for what we find, and this, in turn, becomes the material out of which the future is conceived and made.

- *The Poetic Principle.* Organizations must be studied as social systems, not as machines. This means studying the human experiences within organizations by eliciting narratives—the stories of the living organization. Understanding the themes of these stories is key to grasping an organization's real capabilities.

- *The Anticipatory Principle.* Deep change comes from first changing our images of the future. The future we anticipate is the future we create. The most important resource we have for change is our cooperative imagination.

- *The Positive Principle.* Positive images lead to positive actions. Organizations as human constructions are largely affirmative in nature and, therefore, responsive to thought. People and organizations are heliotropic; that is, they "grow toward the light" of a positive anticipatory image.

These principles imply that the more affirmative and life-giving an organization's images are, the more positive and enduring the effects its change efforts will be. To quote David Cooperrider:

> "We have reached the limits of problem solving as a mode of inquiry capable of inspiring, mobilizing, and sustaining human system change; the future of organizational development belongs to methods that affirm, compel, and accelerate anticipatory learning involving larger and larger levels of collectivity." (Cooperrider, 1990)

Appreciative Inquiry is about "grassroots change." It is about change that is emergent and generative rather than programmatic and directed. Most problem-oriented change methodologies prompt resistance as they engage people in discourse on what doesn't work and why. Appreciative Inquiry helps organizations transcend contention and adversarial positioning through the power of the positive.

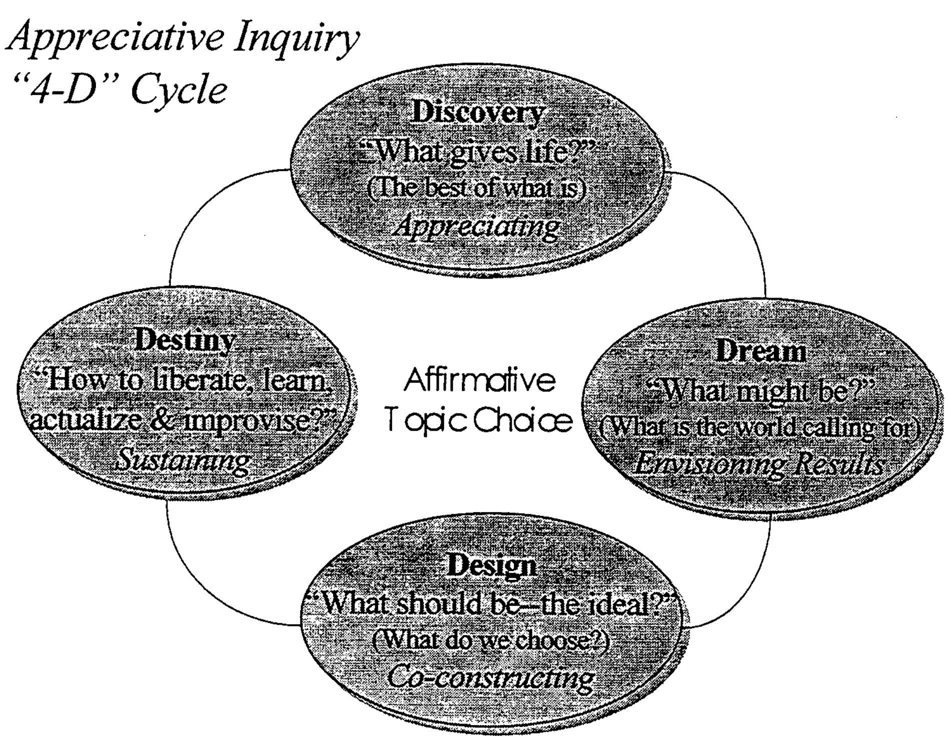
David Cooperrider et al have taken their philosophies of organizational theory and produced a set of techniques and a framework for applying Appreciative Inquiry to organizational change. They have done this by combining Appreciative Inquiry with the large-scale change practice of LGIs, to yield an Appreciative Summit. The social constructionist and socio-technical theories which underlie Appreciative Inquiry give the Appreciative Summit a distinct advantage over the other previously discussed six LGI methods. The philosophies of Appreciative Inquiry, when applied to LGIs, produce an appreciative framework consistent with the theories of positive change. Unlike the other LGI methods, which can either start with a deficiency orientation or become deficiency-based by lapsing into diagnostic analysis of poor past performance, the Appreciative Summit maintains a positive focus by valuing the best of an organization's past and extending that positive focus towards the organization's highest future potential. Furthermore, when people are asked to participate in a change effort targeted at changing behavior, specifically their own behavior, one should naturally expect resistance. Appreciative Inquiry involves people in co-creating the future of their organization (i.e., *their* future) which, instead, tends to provoke a spirit of cooperation and contribution.

4. Appreciative Inquiry in Practice

Appreciative Inquiry takes the best of "what is/was," then stimulates the collective imagination of participants to imagine "what can be." Appreciative inquiry leverages possibility by exploring the "Positive Core" of an organization through a process called the "4-D" cycle (Cooperrider & Whitney, 2000). The Positive Core includes the following elements: achievements, technical assets, people strengths, positive emotions, best business practices, financial assets, strategic opportunities, org. wisdom, visions of possibility, positive macro-trends, core competencies, social capital, ecosystem strengths: partners, customers, and suppliers.

Figure 4 from Chapter 5 again illustrates the "4-D" cycle (Cooperrider & Whitney, 2000):

Figure 4. The "4-D" Cycle. (Cooperrider & Whitney, 2000)



a. The Discovery Phase: Appreciating "what is"

The Discovery phase begins with the introduction of Appreciative Inquiry to the organization. The purpose of the effort is clarified, and a core team is selected to guide the effort and select topics for inquiry. In the Discovery phase, we learn the art of the question. Table 6 presents the differences between positive and negative inquiries:

Table 6. The Differences Between Positive and Negative Inquiries.

Negative Inquiry	Positive Inquiry
- What's the biggest problem around here?	- What possibilities exist that we have not thought of yet?
- Why are our retention rates so low?	- How can we make first term enlistments a great Navy experience?
- Why does my leadership have a "zero defects" mentality?	- How can we create outstanding Navy leaders?
- Why do we, after all this, still have these problems?	- What makes my questions empowering, inspiring, and mobilizing?

Positive inquiry is more inspirational than negative inquiry. The art of the question is captured in the core technology of Appreciative Inquiry - the appreciative interview.

The appreciative interview is the heart of the Discovery phase. Questions are crafted around the Affirmative Topic. As it stands, 360-degree feedback is a "solution." Appreciative Inquiry uncovers the intent behind 360-degree feedback: creating outstanding leadership. Hence, the affirmative topic choice becomes "Creating Outstanding Leadership in the New Millenium." The interview questions are crafted to focus attention on the positive aspects of the topic. This connects to the strength of the topic and the individual's own imagination to fulcrum change. The interview creates rapport and relationship with participants. Unlike the traditional survey form, the interview process honors people.

The purpose of the interview is to capture stories of the organization when it was at its best. The strength behind story data over traditional data is that stories are a more powerful learning medium. Our memory capacity for stories is much greater than our memory for pure data. Stories create lasting images and convey values and visions.

b. The Dream Phase: Imagining "what might be"

In the Dream phase, people are asked to imagine a future that includes the elements of the organization when it was at its best. In other words, "What can be?" It is a time to think "out of the box." Participants describe their wishes and dreams for their work, their working relationships, and their organization. This connects participants and members of the organization to a higher purpose and vision. "What is the organization being called to do?"

c. The Design Phase: Determining "what will be"

In the Design phase, people "recreate" such that everything about the organization reflects and is responsive to the positive past and highest potential of the future. Stakeholders draw on interview results to select high-impact commonalties and design elements, then to craft "provocative propositions," incorporating the "Positive Core" of the organization into high impact processes, systems, and programs.

d. The Destiny Phase: Creating "what will be"

In the final phase, Destiny, commitments are made to ensure that the Design statements are realized. Having conducted numerous interviews and having held large group meetings that include many stakeholders in Discovery, Dreaming, and

Design, process participants get a much greater sense of the organization as a whole and how they can contribute to the future through their personal actions.

5. Appreciative Inquiry in Action

Various levels of insight and understanding about Appreciative Inquiry and its potential for organizational change have emerged since its inception in the early 1980s. Therefore, it is appropriate to start this review of "Appreciative Inquiry in action" with the landmark project done at the Cleveland Clinic in Ohio, while its founders David Cooperrider and Frank Barrett (and graduate adviser Suresh Srivastva) were graduate students at Case Western Reserve University (Bloom & Whitney, 1998).

a. The Cleveland Clinic

The Cleveland Clinic was a 400-member physician group practice that had become known as a nontraditional, nonhierarchical, consensus-based organization. While the group was asked to conduct an overall diagnosis of the Clinic, these attributes became the primary affirmative topic of the study.

Due to the inherently problem-focused, or "diagnostic," nature of medical work, the Clinic followed a *disease-centered* approach to its medical service. The common viewpoint was that a "healthy" body was one without diseases. Health was, thus, measured in terms of how many things were wrong with a person (deficit-based). Cooperrider et al proposed that the Clinic view health from just the opposite perspective, which essentially argued that *health was not merely the absence of disease*. This logic was fundamentally *appreciative-centered* (positive-based). Using this approach, they fashioned a process of inquiry into the factors and catalytic forces of the Clinic that served to create, save, and transform the institution in the direction of its highest potential. In order to generate ideas and possibilities for the Clinic to organizationally transform itself, the participants developed purposefully positive interview questions to help foster conversations about the life-giving, healthy aspects of medicine that are normally taken for granted.

The results of the project were threefold. First, they found that the interviews themselves encouraged people to reinforce and create their own repertoire of stories about the organization at its participatory best.

Second, they discovered that news of the inquiry spread quickly and infiltrated the physicians' everyday lives. People began to notice and discuss organizational strengths and high points.

Third, they discovered that the positive inquiry itself resulted in quantifiable increases in people's attention to and valuing of the desired behaviors that they initially set out to study about the Clinic. This enlightenment effect became a constructive means whereby norms, beliefs, and cultural practices were altered. The Cleveland Clinic today is one of the world's most renowned hospitals.

b. GTE

In a 1996 speech, Tom White, then president of GTE, said:

> "Appreciative Inquiry can get you much better results than seeking out and solving problems...That's an interesting concept for me—and I imagine most of you—because telephone companies are among the world's best problem solvers. We concentrate enormous resources on correcting problems...When used continuously over time, this approach leads to a negative culture. If you combine a negative culture with the challenges we face today, we could easily convince ourselves that we have too many problems to overcome - to slip into a paralyzing sense of hopelessness. Don't get me wrong. I'm not advocating mindless happy

> talk. Appreciative Inquiry is a complex science designed to make things better. We can't ignore problems - we just need to approach them from the other side."

The GTE story has many parallels to the U.S. Navy. GTE was, and still is, predominantly an engineering organization. With the deregulation of the telecommunications industry in the midst of globalization, GTE was faced with a rapidly changing operating environment (Zemke, 1999). Like the Navy, the company was not sure where its next threat would come from, or where it should direct the company's efforts. Again, like the Navy, GTE's organizational structure was very mechanistic and needed to be changed to allow greater flexibility and faster reaction times.

Appreciative Inquiry was introduced at GTE in the mid-1990s. It began when a division within GTE started to explore the concepts of Appreciative Inquiry with David Cooperrider and Diana Whitney. As excitement was generated and results could be seen, then-President Tom White took note and subsequently supported the movement wholeheartedly. However, by its nature, Appreciative Inquiry is a very empowering, bottom-up process, and union management at GTE saw these efforts as very threatening to the status quo. They, in turn, threatened GTE with various legal injunctions and a strike, and were successful at getting all Appreciative Inquiry efforts halted - temporarily. Eight months later, the employees successfully pressured their union leadership into accepting a mediated conference with Tom White and other senior executives in Washington D.C.. Cooperrider and Whitney were given only 15 minutes to explain the purpose and use of Appreciative Inquiry. They ultimately spent three hours engaging both union and management in appreciative interviews. The positive effect of the inquiry on both sides was dramatic. To the surprise of all, the conference ended with a unanimous vote to not only reintroduce Appreciative Inquiry, but also to expand its use as the central part of a new strategic culture-change process for the company (Cooperrider & Whitney, 2000).

Since that time, GTE has used Appreciative Inquiry summits to craft a collaborative strategic direction and come up with the supporting ideas and processes to realize its vision. Appreciative Inquiry is used throughout the company, and current President "Butch" Breker considers Appreciative Inquiry the critical success factor in the company's recent award from the American Society for Training and Development (ASTD) for best organizational-change practice (Zemke, 1999).

c. Other Organizations

Other organizations that use Appreciative Inquiry techniques include: Hunter Douglas, Nutriment Foods, Imagine Chicago, United Religions, British Airways, Red Cross, North American Steel, Roadway, Group Health Cooperative of Puget Sound, Fairview Health System of Minnesota. To highlight a few:

Nutriment Foods: Nutriment Foods held an Appreciative Inquiry summit with 700 of its employees, customers, and strategic partners. After four days, they hammered out a bolder corporate vision and identified three new strategic business initiatives. Six months later, CEO Rodrigo Loures reported that sales were up by millions and profits had soared by over 300% (Zemke, 1999).

British Airways: British Airways used Appreciative Inquiry summits to explore a competitive edge through better terminal customer service. Employees at several of British Airways' major hubs were brought together under the positive approach of "how to create a great arrival experience for their passengers (Cooperrider & Whitney, 2000)."

Imagine Chicago: Another Appreciative Inquiry initiative began in the public housing projects of Chicago and turned into a citywide project called Imagine Chicago. Supported by a MacArthur Foundation grant, and headed by ex-bank executive Bliss Browne, the project has trained over 4000 public school kids with the goal of conducting over one million appreciative interviews with older city residents (Zemke, 1999). Their focus is to capture "what Chicago is like when it is at its best" (can we "Imagine the U.S. Navy?").

Roadway: The trucking company Roadway offers an example of Appreciative Inquiry used for a very specific purpose. Roadway used the summit format to explore how to increase its operating margins by a single percent. This may not sound like much, but for Roadway, 1% meant an increase in profits of 100 million dollars (Cooperrider & Whitney, 2000).

United Religions Initiative: Perhaps the most remarkable use of Appreciative Inquiry can be seen in the creation of the United Nations equivalent of religion - the United Religions. The concept behind the United Religions is not new. It has been attempted several times before, even as early as the late 1800s. The difficulty arises when entrenched secular interests of dozens of religious faiths are engaged to try and find common ground. Despite the thousands of years of history and religious-based conflicts in the world, William Edwin Swing, the Episcopal Bishop of California, was not dis-swayed. Swing approached Cooperrider and Dee Hoch, former CEO and founder of VISA and founder of the Chaordic Alliance, to help with the project.

"Our existing institutions are totally irrelevant to complex, systematic, highly diverse problems, which are all we have now," says Hoch. The alternative to these top-down institutions is what he calls the "chaordic organization," a marriage of chaos and order. Appreciative Inquiry summits brought representatives from all of the world's major religions together by engaging and challenging the participants to discover and value the best in each other's faiths. In doing so, participants were able to find common elements from which to create a shared vision of the organization's future and purpose. The result is a highly adaptive organization and "a growing global community dedicated to building cultures of peace and justice to serve a better future for the Earth Community (Salter, 2000)."

Five years and eighteen summits later, the United Religions initiative signed its charter at Carnegie Music Hall, July 2000. Over forty different faiths are represented, and the organization is growing. Commenting on his experience and the significance of the event, David Cooperrider said that he expects the United Religions to receive a Nobel Peace prize before the end this decade.

E. SUMMARY

The Information Age and the nature of 360-degree feedback require that we modify the way we view and lead change. Large Group Interventions, although counter-intuitive, have proven to be more effective than traditional change strategies, which require more time and use a top-down, incremental approach. The "whole system" representation of a Large Group Intervention generates and aligns ideas in a collaborative, short period of time. Combining Large Group Interventions and Appreciative Inquiry with 360-degree feedback yields the Leadership Summit. In the following Appendix, I present a real-life application of these theories in the form of two CNO pilot initiatives: the Leadership Summit and 360-Degree Feedback pilot programs.

APPENDIX E: THE LEADERSHIP SUMMIT AND 360-DEGREE FEEDBACK IMPLEMENTATION PLANS

A. INTRODUCTION

This Appendix presents an overview of the draft plans that were submitted to the Chief of Naval Operations for both the Leadership Summit and 360-Degree Feedback pilot projects. These plans constitute a real-life example of how the theories and concepts presented in this thesis might be applied. In addition, these pilot projects will provide the opportunity to explore needed research on the role of "the positive" in designing and implementing a 360-degree feedback system.

B. THE LEADERSHIP SUMMIT

In this section, we will use the information presented to develop a draft plan for conducting an Appreciative Inquiry summit on Naval leadership. Recall that Appreciative Inquiry's approach to 360-degree feedback asks, "What are you really after?" Our answer is: "Creating Outstanding Leadership." In this manner, ideas beyond 360-degree feedback may result, but the basis of the Summit will be built around the strengths of 360-degree feedback. Unlike traditional implementation methods or change strategies, this Leadership Summit will create confidence and commitment in the organization because it is highly participative and liberating of ideas and opinions. The summit will concentrate on the "Positive Core" of great Navy leadership. It will give the Fleet the chance to discover what *they* believe are the desired virtues of 21st-century Naval leaders. *They* will have the opportunity to create and develop ideas that, when put into place today, will guide the Navy towards a common vision of the next generation of Navy leaders.

The first step of any Appreciative Summit is to choose the Affirmative Topic, which is: "Creating Outstanding Leadership in the New Millennium." The next step is to create the Steering Committee. This is not always necessary, but for an organization like the Navy, with so much past greatness and so many legendary leaders, having a Steering Committee helps prevent anxiety amongst members that we will not honor our past. In fact, one the strengths of Appreciative Inquiry is its "binocular vision." By capturing past virtues and using these strengths to then imagine how future challenges should be met, ideas and action plans are anchored in the best characteristics of the organization. We can think of the Steering Committee as our counsel of elders, so to speak. However, it is also important to ensure that all stakeholders of the summit topic feel represented on the Steering Committee, so vertical and horizontal representation should also be included. It should be composed of leaders of major stakeholders. In the case of "leadership development," we may expect ideas to surface around evaluation, rewards, promotion, training, and incentive systems. Therefore, we would want BUPERS, CNET, and DCNO (N7) present. Nominees for the Steering Committee are as follows:

- DCNO (N7)
- Commander, Navy Personnel Command
- Commander, Naval Education and Training
- Superintendent Naval Postgraduate School
- Four graduates from "30 Something"

- MCPON

- Fleet representation:
SURFPAC: 1 CO, and CMC
AIRLANT: 1 CO, and 1 E1-E6 enlisted
SUBLANT: 1 JO, and 1 E1-E6 enlisted

This group will then meet for three days of Appreciative Inquiry training and project discussion at the Center for Executive Education at the Naval Postgraduate School (NPS) in Monterey, California. The Steering Committee's output is to bless the overall project in concept, then to design and approve follow-on actions and a timeline. In addition, it decides the composition of the Design/Interview team and summit participants. The Steering Committee will also be present for the summit.

The next step is to create the Design/Interview Team. Its output is to create the Interview Handbook and to conduct the interviews. This will be a small vertical and horizontal cross section of the Navy/Marine Corps (30-50 people). The Design/Interview Team also meets at NPS for three days to receive Appreciative Inquiry training and to craft the questions for the interview protocol. The interview protocol will be designed around the strengths of 360-degree feedback. Sample questions may include:

- SUPERIOR: Can you think of an outstanding supervisor you once worked for? Describe the qualities that made this person a great leader.

- PEER: Describe an outstanding peer you have worked with or a team experience. What made that experience so rewarding?

- SUBORDINATE: Think of an outstanding person who worked for you. Describe what made this relationship possible.

- The interview will also include Dream questions, such as: "Imagine you just woke up, and it is the year 2010. As you look around, you see that the Navy is just as you have always wished and dreamed it might be. What is happening? How is it different?"

Each person will then return to his or her command to conduct ten interviews. Juniors will interview seniors, and seniors will interview juniors. The inter-generational experience is a powerful element of legacy that adds richness to the event - the passing of the torch. When the interviews are completed, the team returns to NPS and compiles the stories to analyze them for commonalties and themes. These themes become the sub-topics of the summit. The team also will select the top ten stories, which will be re-enacted and videotaped to present at the beginning of the summit. This helps set the climate for the summit and lets the participants share the experience that the Design/Interview team had in preparing for the summit.

With the stories collected and analyzed, it is now time for the main event. The summit will convene 150-200 people from invited commands, staff, and other stakeholders for five days at NPS. Recall that the intention is to assemble a representative spectrum of the Navy/Marine Corps system. This approach of having the "whole system" in the room enables action. There are no stumbling blocks to advancement because "so-and-so" is not here, or "such-and-such" is not represented. E-1 to O-10, sub, surface, air, spec war, staffs, civilians, politicians, retirees, and other services are all potential participants. The Summit's output will be the Navy's input on 360-degree feedback and other leadership development initiatives that they recommend. The last day is reserved for the Chief of Naval Operations, ADM Vern Clark, to receive the outbrief.

Over the course of the summit, participants will be guided through the "4-D" cycle of Appreciative Inquiry. Table 7 shows possible outcomes from each stage:

Table 7. The Leadership Summit 4-D's

Discovery	Dream
- Show top 10 stories - AI summit interviews - Possibly add topics - Make timeline of history - Video summit to carry experience back to the Fleet	- Share dreams from interviews - Imagine 2010…? - What positive images of future would mobilize leadership? - "mindmap" dreams - What kind of leadership is the world calling for?
Design	**Destiny**
- Coalesce topics - Construct Provocative Propositions under headings from topics - People self select into topics	- Capture innovations that will get Navy to its Destiny - Create action teams for implementation and/or further inquiry. - Teams present outputs

As with any project of this magnitude, there are some key success factors involved. These include:

- Establish a long-term champion: A high-level champion is an essential part of a strategic project. In this case, I have been fortunate to gain the support of CNO, ADM Clark. He agreed to do a 360-degree feedback pilot (discussed in next section) and a pilot version of the Leadership Summit, which is currently scheduled to be conducted at NPS in summer 2001.

- Gather support funding for:
  - Steering Committee kick-off and training at CEE.
  - Design/Interview Team support and training at NPS.
  - Summit participants' support, travel, and training at NPS.

The cost of a large Summit could easily run into the hundreds of thousands of dollars (travel, labor, admin, support, etc.). Most organizations that use Appreciative Inquiry summits use the facilities at their organization or something nearby to cut down on travel expenses. However, for an international organization like the Navy, it is a challenge to try to bring together representatives of the organization from around world. One suggestion is, instead of bringing the Fleet to this project, to take the project to the Fleet. For example, San Diego has submarines, surface forces, squadrons, staff, marines, spec war, civilians, and retirees, and an on-base facility could provide a "free" summit location. However, this runs the risk of achieving only regional "buy-in" to the output because other areas may feel underrepresented. Further, participants need to be "removed from the system" to create a cultural island away from the influences and distractions of daily life (just like the "30-Something" and RBP participants experience at the CEE in Monterey). NPS represents the best in-house option that is also "out of the system."

Funding for this is a matter of perspective, too. For those commands incurring travel costs to participate, the costs are actually just an "opportunity cost" of not funding something else. Since this effort is looking for volunteers, it can be assumed that those commands choosing to participate must view this as important and can afford to pay out of their own travel budget.

C. THE LEADERSHIP SUMMIT RETURN ON INVESTMENT

Since "leadership" and "performance evaluation" are clear retention issues, the costs of the Leadership Summit may have a very high potential Return on Investment:

1. Navy enlisted recruiting goal for 2000: **56,600**

2. Current attrition/separation rate is 70%; therefore:

   56,600 x .70 = **39,620 1st term personnel lost**

   Of these:

16.1% for medical:	6,379
13.9% for drugs:	5,507
.5% for performance:	198
Total:	**12,084** (GAO, 1998)

3. Therefore, **27,536** recruits left for the six reasons identified in the annual "Retention/Separation Questionnaire:"

   1) lack of promotion and advancement opportunity

   2) family separation

   3) low basic pay

   4) quality of leadership and management

   5) quality of life

   6) lack of fairness in performance evaluation

4. Summit addresses 2 of 6 reasons, or 33% of 27,536 = **9,087**

5. 1998 avg. cost of recruiting and training: **$35,532/person** (GAO, 1998)

Therefore, the potential ROI of the Summit: $35,532 x 9,087 = **$322,879,284** (in 1998 $)

D. THE 360-DEGREE FEEDBACK PILOT

Since performance evaluations will be a subject of the Leadership Summit, 360-degree feedback is a very likely output. Therefore, the 360-degree feedback pilot that ADM Clark wants will be conducted immediately following the summit. A successful Leadership Summit will build a solid foundation for doing the 360-degree feedback pilot. By discovering the best qualities of our Navy leadership, the Leadership Summit will create a template of positive competencies to incorporate into the design of the 360-degree feedback system. I intend to identify willing commanding officers and participants from the Leadership Summit whose experience from the event will leave them more prepared and energized for the challenges of the follow-on 360-degree feedback pilot. For this pilot initiative, I suggest two possible options.

1. Option One

Multiple Command-Type Approach: Upon the conclusion of the Leadership Summit, I propose to work with commands that represent various command-types in the Navy (i.e., surface, air, sub-surface, etc.) to develop the most viable 360-degree feedback system for further Fleet use. I intend to select willing commanding officers and their commands from the Leadership Summit pilot. The summit pilot will provide a wide variety of community representation from which to generate volunteers. At a minimum, I intend to select three commands that represent the surface, air, and sub-surface communities. If resources become available to expand staffing, I would ideally select six commands that could additionally represent shore, specwar, and marine corps. In this manner, the pilot program would answer the question of efficacy amongst all of the major command-types, at once. From that point, I believe the program would have enough data to formulate an expansion of the program for wider Fleet use.

The assumptions behind the 360-degree feedback pilot program are:

- The Navy is one organization, but within it there are various types of commands that have different dynamics (surface, air, shore, sub-surface, specwar, marines).
- 360-degree feedback at one command-type may not be fully adequate for another.
- The nature of 360-degree feedback demands that it be developed in a collaborative manner.
- This is not a problem-solving intervention. This pilot program is designed to give participants the opportunity to create the feedback system of their dreams—one that will develop and support "outstanding leadership in the new millennium."

The objectives of the pilot program are:

- To develop a concept exploration program that tests for the varying requirements of 360-degree feedback amongst different command-types.
- To develop and implement a 360-degree feedback program that will answer as many questions about the efficacy of 360-degree feedback in the Navy as possible upon its conclusion.
- To do it right the first time. 360-degree feedback has long-term, profound implications for the way we develop Navy leadership in the 21st Century.
- To recognize the different needs of various command-types. The pilot program will work with selected commands to allow them to develop their own 360 feedback programs.

The methodology will be as follows:

- The program will use an approach similar to that of the Leadership Summit to help participants develop their 360-degree feedback systems. The collaborative, positive principles of Appreciative Inquiry will be applied in a series of training and development workshops to be conducted at the Naval Postgraduate School (NPS).

- The use of NPS offers an "in-house" resource to get participants away from the influence of day-to-day problems. It gives participants the rare opportunity to reflect and view their commands from a third-person perspective.

- Like the Leadership Summit, which will bring people together under a common future vision of "outstanding leadership," Appreciative Inquiry will also bring the 360-degree feedback participants together under a common future vision of "the ideal 360-degree feedback system." Having just completed the Leadership Summit, the pilot participants will be ideally suited to carry forward their 360-degree feedback ideas to support the "outstanding leader" vision from the summit.

The pilot program will consist of six steps:

1. Solicit and select willing commanding officers and their commands upon the conclusion of the Leadership Summit pilot. Conduct an executive workshop for participating commands' top leadership (CO, XO, CMC) at CEE for one full day.

2. Identify working committees from each command (15-20 people). These will have vertical and horizontal command representation, as well as key stakeholders (i.e., CO and/or XO, CMC, Dept Heads, LAN coordinator, etc.). Conduct the initial training workshops at NPS for five days, either jointly or separately, depending on participation and scheduling.
   - Output: Training and "Discovery/Dreaming" phases of inquiry. Participants will learn how to conduct appreciative inquiries to discover the values and ideals that their 360-degree systems should develop and support. From this, they will prepare interview handbooks to take back to their commands to gather information, in a collaborative effort, about what an ideal feedback system "ought to be."

3. The 360 Facilitation Team travels to commands to assist with data collection and facilitation. Individual team members are assigned to commands to give a sense of ownership and mentoring.

4. Conduct second workshop at NPS for five days: the "Design/Destiny" phases. Armed with their data, participants will design and produce their 360-degree feedback systems. Ideally, we can conduct this session jointly because there will be good opportunity for the teams from different commands to share thoughts and ideas.
   - Output: 360-degree feedback systems, and implementation plans.

5. The 360 Facilitation Team travels again to commands to assist in

implementation, command training, and facilitation. 360 systems are tested for two months.

6. Final workshop at NPS for two days. Commands share lessons learned and give out brief to the CNO. Follow-on action is discussed and developed.

2. Option 2

Single Command Approach: Use the same methodology as Option 1, but test with only one command. In the event that lack of funds prevents a multi-command pilot program, a single command test can still provide valuable insights. The main drawback is that there will not be data gathered or lessons learned about designing and using 360 systems at the other command-types. Therefore, broader implementation of 360-degree feedback for the Fleet may come much later.

At the conclusion of both pilot programs, there will be a need for follow-on support. The Navy should not enter into these programs without being ready to make long-term commitments to follow-on ideas or to participating commands. I recommend that a Resource Sponsor be identified (perhaps N7) that can initiate a Summit program office and/or a 360-degree feedback program office as a part of its annual budget submission to the CNO.

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