

Alliance Unichem uses 360-degree feedback to improve performance

... and integrate cultures and values following a merger

European pharmaceuticals-distribution group Alliance Unichem is using 360-degree feedback among its top managers to drive culture change, support employee development and increase overall performance.

The 30,000-employee company – which serves more than 81,000 pharmacies and other health-care customers from 212 warehouses across the Czech Republic, France, UK, Greece, Italy, the Netherlands, Norway, Portugal, Spain, Switzerland and Turkey – had experienced problems in integrating the group's cultures and values following a merger. It saw 360-degree feedback as a way of facilitating change.

Goals of the 360-degree feedback initiative

Working with performance-improvement specialist SHL, Alliance Unichem established the following goals as part of the 360-degree feedback initiative:

- to increase individual performance through better skills and behavior;
- to benchmark the quality of its managers against those in other companies; and
- to make managers aware of the core values of the merged organization.

Using the latest information technology, 360-degree feedback provided a consistent way of measuring employees across the group. Managers, direct reports, peers and customers were invited to rate the participants on 100 relevant statements of behaviors. The results enabled managers to identify specific behaviors that needed development.

SHL facilitators worked with managers to help them to interpret the information. "Of course, as with any feedback or appraisal system, acting on the results is crucial if the process is going to drive business performance", said Richard Rogers, managing consultant of SHL (UK). "Therefore, development advice linked to behaviors and support in preparing an action plan was incorporated as a feature of the 360-degree appraisal process."

"The 360-degree feedback model is a way of benchmarking that gives everyone a basis on which to develop in the future", said Ornella Barra, Alliance Unichem group-services director responsible for HR. "We want to get managers to focus more on what is good for the group, as well as what is important for their country. The emphasis on a set of behaviors is vital to achieving this and the HR team is confident it is working."

Developing people and creating a shared vision of the purpose and aims of the organization have risen to the top of the agenda.

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Creating a shared vision

Richard Rogers commented: "HR practitioners today expect their performance-management processes to deliver more than the traditional goal of improving performance through recognition of individual responsibilities. Developing people and creating a shared vision of the purpose and aims of the organization have risen to the top of the agenda.

"Improving the coaching and feedback skills of managers is the key to using performance management to unlock staff potential. Development tools such as personal-development plans and career reviews are becoming standard features of performance-management processes and the increased popularity of competencies and 360-degree feedback reflects a growing recognition that it is critical to focus attention on inputs – how people do their jobs – as well as what individuals achieve in terms of their output.

"Our recent survey of views in current performance-management practice shows that, where 360-degree feedback operates, it is usually viewed more positively than conventional or upward appraisal."

Ownership of performance-management processes

Companies can also benefit from increasing the ownership of performance-management processes by the people who use them. While the SHL survey reveals that perceived ownership still seems to lie predominantly with HR departments, UK-based construction-company Cala closely involved its employees in designing a new performance-management process. The consultative approach, involving both line managers and job-holders, was intended both to encourage staff ownership of the new system and to ensure that the process met the needs of its users.

Using focus groups and questionnaires, Cala first garnered views of the current appraisal system and gave employees the chance to voice their opinions about how the new process should work. Among other things, they asked for:

- a system that would help them to keep sight of their objectives;
- a tailored review relevant to the job;
- more opportunity to discuss career plans and developmental issues; and
- an opportunity to give upward feedback and receive feedback from colleagues and peers.

The new performance-management system, designed with the help of SHL, responds to these needs. It includes features to increase its attractiveness to users and encourage them to accept ownership, for example:

- short forms with condensed contents;
- self-assessment and line-manager assessment against competencies, using indicators; and
- forms completed by the people being appraised and signed off by managers.

Users of the system were involved in piloting the new process and provided feedback that enabled fine-tuning.

Feedback is more structured

Following the pilot, a survey revealed positive reactions. Some 94 percent of respondents agreed that the review against competencies was useful. One person commented: "The competencies help to target feedback and make it more structured".

Around 94 percent understood the new appraisal process. The system was viewed as "flexible" and "more user friendly". While 86 percent agreed that the new system was effective, 80 percent of those surveyed felt that the job-holder now "owned" the appraisal process.

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Richard Rogers commented: "This bottom-up approach to redesign delivered significant benefits both in terms of helping to shift perceived ownership of the system from HR to users, and making practical improvements to the performance-management process. In particular, linking the objectives with the behaviors critical to job success was found substantially to improve the development component of the performance-management process."

Comment

This article was written by *Human Resource Management International Digest* editor David Pollitt.