

# The Most Powerful Leadership Development Tool of the Decade — Upward Evaluations

By Allan Koltin

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*This month's issue of CPA PRACTICE MANAGEMENT FORUM features articles on a variety of topics. In his Industry Trends column, Allan D. Koltin, CPA, CEO of PDI Global, Inc. focuses on upward evaluations, or leadership surveys, which he thinks is the most powerful leadership development tool of the decade.*

### **CPA PMF: What is an upward evaluation and how is it different from a peer or 360° evaluation?**

**Koltin** — An upward evaluation provides an opportunity for staff to share their thoughts and feelings on each individual partner and the firm, as it relates to various leadership criteria. A peer evaluation, alternatively, provides partners the opportunity to rate each other in terms of similar leadership criteria, their contribution to the firm and their value as a partner. A 360° evaluation gathers feedback on a partner from subordinates, peers and superiors using the same set of criteria.

### **CPA PMF: Why is this such a hot topic today as opposed to as recently as five to ten years ago?**

**Koltin** — I think it is all part of the craze taking place in our industry of wanting to become an "Employer of Choice" or "Best Place to Work" firm in the market. Unfortunately, I see many firms winning the awards, but not really taking the necessary steps to truly become that kind of firm. I'm puzzled at the number of such designations being awarded when these firms have not been asked to share their upward evaluation results as part of the process.

### **CPA PMF: — How does the upward evaluation process work?**

**Koltin** — It begins (see attached sample survey) with each individual partner doing a self-assessment of their

own leadership skills. It is scored based on a percentage of time (from 0% to 100%) that the individual exhibits certain leadership characteristics. It is important that the partner be realistic and honest with their self-assessment, as this will serve as the basis of comparison to other benchmark information.

The second step of the upward evaluation is to ask all staff within the firm to complete an upward evaluation (or leadership survey) on each partner with whom they have direct working experience. Usually the associate will rate partners on every item on the survey; however, it is acceptable for an associate to skip an item if they don't feel qualified to rate that particular quality. Once the survey is completed, the partner receives back two key comparisons. The first is the average of the respondents' scores compared to the partner's self-assessment scores. The second is the partner's individual average compared to the average of the partner group as a whole, which allows each partner to see how they stack up compared to the partner "norm."

### **CPA PMF: Is it just a quantitative analysis or are there qualitative questions as well?**

**Koltin** — I am glad you asked that, as probably 50% (if not more) of the value comes out in the qualitative questions, in which we ask individuals what they like most about working with the partner, as well as soliciting suggestions they may have for improving the partner's leadership skills. Frequently the numeric scores will point out interesting trends, but a series of similar comments on a specific leadership trait will often be more eye-opening to the partner than anything else. It is also important for partners to find out what staff really value in terms of these traits.

**CPA PMF:** — *Is this a one-time event or is this something that should be repeated often?*

**Koltin** — From what I can see, the “best of best” firms in the country have essentially put this kind of mechanism into the “bloodstream” and have even integrated it into partner compensation goals. While I think it is admirable to do the survey one time and take a look at the results, if you truly want to change behavior and improve leadership skills it is imperative that this become part of the annual review process so that partners have an ongoing base to work from in terms of improving their leadership skills. Firms that have conducted the evaluation for several consecutive years have sometimes switched to an alternating-year schedule. This can serve as a barometer of performance maintenance.

**CPA PMF:** — *Can you share one or two examples of actual situations in which you thought the survey had an impact on the partner (good or bad)?*

**Koltin** — One of the best examples that come to mind was a managing partner succession project that I worked on in which we had a handful of potential leaders that we were evaluating. The partners appeared to be at gridlock and, coincidentally, we happened to be conducting an upward evaluation for the firm. Upon completion it became apparent that the staff felt that one individual had “all the right stuff” and was doing an incredible job of leading and impacting many of the key performers in the firm, even without the formal job title to go with it. It helped make it an easy selection in terms of bringing this person in as the firm’s next new managing partner.

**CPA PMF:** — *Any examples you can give us where it might not have gone this smoothly or had negative consequences?*

**Koltin** — One example comes to mind of a problem partner in a firm who was causing a lot of divisiveness and negativity, both within the partner ranks and in the entire firm. When we discussed it at the partner meeting he objected strongly to this type of process and suggested that the firm was “out to get him.” Not surprisingly, his self-assessment scores were 30–50 points higher on any given item than reality (what the staff came back with). In the partner retreat, this partner responded by saying “they’re wrong” when asked to

share his feelings on his score vs. the average of the staff. Not only did he suggest that they were wrong, but he went on a tirade in terms of how poor the staff actually was and how they needed to spend whatever it would take to upgrade the staff. While we tried to provide counseling to this partner in terms of getting his acceptance as to what the issues really were, it became apparent over a period of time that this behavior was too set in stone and was beyond change. This partner was ultimately counseled out of the firm within one year and, fortunately, the managing partner had the support of the entire partner group, based on the lack of willingness of this partner to embrace the necessary changes.

**CPA PMF:** — *Now that you have given the two extremes, what would a typical partner hope to gain from this process?*

**Koltin** — We all have blind spots, and I have yet to conduct one of these surveys for even top-performing partners in which the three items on which they believed they rate the lowest intersected with the three items that the staff identified as weak spots. Often-times when we try to coach partners on some of these issues the wall goes up, thus prohibiting them from truly hearing what we’re saying. It is surveys like this that can actually provide the necessary breakthrough for the partner, in terms of accepting and changing their behavior and performance.

**CPA PMF:** — *Is this a hard sell with partners or do they embrace it immediately?*

**Koltin** — The answer to this question might surprise you. I find that the overachieving partners (the ones that probably have pretty good leadership skills already) are the ones that embrace this, as they are very competitive and truly want to know what the staff thinks of them. Amazingly, they will take the two to four deficiencies that are uncovered and develop an action plan (with goals) so that a year from now they will see a significant change in their scores. This is where the true benefit of this type of survey occurs. All too often, the underperforming partners, who could benefit the most from this type of survey, seem to fight it tooth and nail. Fortunately, many of them have come around and have truly improved their leadership skills as part of this process!

**CPA PMF:** — *Can you infer anything about a firm's culture based on the results of the survey?*

**Koltin** — My associate, Donna Cox, manages virtually all of the surveys and frequently will come into my office with the results and be able to tell me with a 99% confidence level everything I need to know about the culture of this firm. Culture is often a misused and misguided word. Truth be known, the partners do significantly influence the culture of the firm, and how they lead (or don't lead) is what drives culture and, to an even deeper level, the quest for future leaders.

**CPA PMF:** — *Is this something in which only partners should participate or might it be appropriate for other levels of the firm?*

**Koltin** — I'm glad you brought that up. Most firms we work with will have the partners go through the process first and then ask the managers to participate as well. The theory behind this is, if they are the future partners, why not start developing and coaching them in terms of their leadership skills before they make partner?

**CPA PMF:** — *Is this something that the firm can administer or do you recommend an outside third party?*

**Koltin** — This is one item on which we are absolute — if you truly want to get honest and open feedback, you have to use a third party to administer and interpret

the results. If the staff perceives in any way that their comments or ratings can be identified or, even worse, used against them, they simply will not participate or will give false information so that they don't run the risk of upsetting any partners, which seriously dilutes any value derived from the exercise.

**CPA PMF:** — *Any closing thoughts on upward evaluations?*

**Koltin** — Yes. The expression I have used in our profession to describe the leadership challenge we have today is "leadership lite." We've all talked about the succession planning dilemma we have today. But oftentimes when you dig deeper you find out that the problem is not just about hiring top talent, it's finding the right talent. The right talent can step up to the plate (if properly mentored and coached) and be able to give you what you're truly looking for to solve your succession planning problem — that being the next generation of great leaders!



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