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ACME CORPORATION
PERFORMANCE REVIEW AND EVALUATION POLICY
2024 Edition

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Document Version: 3.1
Effective Date: January 1, 2024
Department: Human Resources
Policy Owner: Chief Human Resources Officer

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PAGE 1 - POLICY OVERVIEW

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1. INTRODUCTION

1.1 Purpose:

The Performance Review Policy establishes a structured process for evaluating employee performance, providing feedback, and supporting professional development. Regular performance reviews ensure alignment with company goals and recognize employee contributions.

1.2 Philosophy:

ACME Corporation believes in:

- Continuous feedback and development
- Transparent performance expectations
- Recognition of achievements
- Support for growth and improvement
- Fair and objective evaluation

1.3 Scope:

This policy applies to all regular full-time and part-time employees. Temporary and contract workers follow separate review processes outlined in their agreements.

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PAGE 2 - REVIEW CYCLE AND SCHEDULE

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2. PERFORMANCE REVIEW CYCLE

2.1 Annual Performance Review:

Conducted once per year for all employees

Review Period: January 1 - December 31
Review Window: January 15 - February 15
Salary adjustments effective: March 1

2.2 Mid-Year Review:

Informal check-in conducted mid-year

Review Period: July 1 - 31
Purpose: Progress update, goal adjustment, feedback
Not tied to compensation changes

2.3 Probationary Review:

For new hires within first 90 days

30-Day Review: Initial feedback and expectations
60-Day Review: Progress assessment
90-Day Review: Final probation evaluation and confirmation

2.4 Quarterly Check-ins:

Informal 1-on-1 meetings between employee and manager

- Goal progress discussion
- Obstacle identification

- Support needs assessment
 - No formal documentation required
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PAGE 3 - REVIEW PROCESS

3. ANNUAL REVIEW PROCESS

3.1 Timeline:

Week 1 (Jan 15-19):

- Employees complete self-assessment
- Managers begin evaluation preparation

Week 2 (Jan 22-26):

- Peer feedback collection (for senior roles)
- Manager completes evaluation forms

Week 3 (Jan 29 - Feb 2):

- HR reviews evaluations for consistency
- Managers schedule review meetings

Week 4 (Feb 5-9):

- Performance review meetings conducted
- Employees sign acknowledgment forms

Week 5 (Feb 12-15):

- Final ratings submitted to HR
- Compensation recommendations prepared

3.2 Self-Assessment:

Employees complete self-assessment covering:

- Goal achievement (rate 1-5 for each goal)
- Key accomplishments
- Challenges faced
- Skills developed
- Areas for improvement
- Goals for next year

Due date: January 19 via performance portal

3.3 Manager Evaluation:

Managers assess employees on:

- Job performance and quality of work
- Achievement of goals and objectives
- Core competencies
- Teamwork and collaboration
- Communication skills
- Initiative and innovation
- Attendance and reliability

Rating Scale:

- 5 - Exceptional: Consistently exceeds all expectations
- 4 - Exceeds Expectations: Regularly goes beyond requirements
- 3 - Meets Expectations: Reliably fulfills all job requirements
- 2 - Needs Improvement: Does not consistently meet requirements
- 1 - Unsatisfactory: Fails to meet basic requirements

3.4 Performance Review Meeting:

- Duration: 45-60 minutes
- Private setting
- Review ratings and provide examples
- Discuss strengths and development areas
- Set goals for upcoming year
- Answer employee questions

- Obtain employee signature
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PAGE 4 - PERFORMANCE RATINGS

4. RATING CRITERIA AND DEFINITIONS

4.1 Overall Performance Rating:

Calculated based on:

- Goal Achievement: 40% weight
- Core Competencies: 35% weight
- Behavioral Competencies: 25% weight

4.2 Goal Achievement:

Evaluated based on SMART goals set at beginning of year:

- Specific objectives clearly met or exceeded
- Measurable results with documented evidence
- Project completion and quality
- Deadlines met
- Business impact demonstrated

4.3 Core Competencies (Role-Specific):

Technical Skills:

- Proficiency in required tools and technologies
- Quality of work output
- Problem-solving ability
- Innovation and creativity

Business Acumen:

- Understanding of company goals
- Cost-consciousness
- Strategic thinking
- Decision-making quality

4.4 Behavioral Competencies (Universal):

Communication:

- Clarity in written and verbal communication
- Active listening
- Presentation skills
- Responsiveness

Collaboration:

- Teamwork and cooperation
- Cross-functional partnership
- Conflict resolution
- Support for colleagues

Leadership (for applicable roles):

- Team motivation and development
- Delegation effectiveness
- Decision-making
- Change management

5. RATING DISTRIBUTION

5.1 Forced Distribution Guidelines:

To ensure fair and consistent ratings across organization:

Rating 5 (Exceptional): Maximum 10% of team

Rating 4 (Exceeds): 20-25% of team

Rating 3 (Meets): 50-60% of team

Rating 2 (Needs Improvement): 10-15% of team

Rating 1 (Unsatisfactory): Less than 5% of team

Note: Guidelines, not strict requirements. Justify deviations to HR.

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PAGE 5 - COMPENSATION AND REWARDS

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6. PERFORMANCE-BASED COMPENSATION

6.1 Merit Increase Guidelines:

Rating 5 (Exceptional): 5-8% salary increase
Rating 4 (Exceeds): 3-5% salary increase
Rating 3 (Meets): 2-3% salary increase
Rating 2 (Needs Improvement): 0-1% salary increase
Rating 1 (Unsatisfactory): No increase, possible PIP

Actual increases depend on:

- Individual performance
- Department budget
- Market benchmarking
- Current salary position in range

6.2 Annual Bonus:

Eligible employees receive annual performance bonus:

Rating 5: 15-20% of base salary
Rating 4: 10-15% of base salary
Rating 3: 5-10% of base salary
Rating 2: 0-5% of base salary
Rating 1: No bonus

Paid in March following review completion

6.3 Promotion Eligibility:

Promotions considered for:

- Two consecutive years of "Exceeds" rating or higher
- One year of "Exceptional" rating
- Demonstrated readiness for next level
- Open position available

Promotion nomination process opens February 15

6.4 Recognition Programs:

Spot Bonuses:

- Manager can award \$100-\$500 for exceptional work
- No limit on frequency
- Separate from annual review

Quarterly Excellence Awards:

- Nominated by peers or managers
- \$1,000 award + recognition
- Up to 5 recipients per quarter

President's Award:

- Annual award for top performer
- \$10,000 bonus + trophy
- Company-wide recognition

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PAGE 6 - PERFORMANCE IMPROVEMENT

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7. PERFORMANCE IMPROVEMENT PLAN (PIP)

7.1 When PIP is Required:

- Overall rating of "Needs Improvement" or "Unsatisfactory"
- Significant performance gaps identified
- Multiple missed deadlines or quality issues
- Customer complaints or team conflicts

7.2 PIP Process:

Step 1: PIP Meeting

- Manager and HR meet with employee
- Clearly state performance issues with examples
- Outline specific improvement expectations
- Provide written PIP document

Step 2: PIP Period (60-90 days)

- Employee works on improvement areas
- Weekly check-ins with manager
- HR monitors progress
- Support provided (training, mentoring)

Step 3: Progress Reviews

- 30-day review: Mid-point assessment
- 60-day review: Near-completion evaluation
- 90-day review: Final assessment (if extended)

Step 4: PIP Outcome

Success: Performance meets standards, PIP closed

Extension: Some improvement shown, extend 30 days

Termination: Insufficient improvement, employment ends

7.3 Support During PIP:

- Additional training opportunities
- Mentoring from senior colleague
- Adjusted workload if appropriate
- Regular feedback and coaching
- Access to Employee Assistance Program

7.4 Documentation:

All PIP activities documented in HR file:

- PIP agreement signed by all parties
- Weekly meeting notes
- Progress assessments
- Final outcome letter

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PAGE 7 - GOAL SETTING

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8. GOAL SETTING PROCESS

8.1 SMART Goals Framework:

All goals must be:

- Specific: Clear and well-defined
- Measurable: Quantifiable outcomes
- Achievable: Realistic given resources
- Relevant: Aligned with company objectives
- Time-bound: Deadline specified

8.2 Goal Categories:

Individual Goals (3-5 goals):

- Direct job responsibilities
- Skill development
- Process improvements

Team Goals (1-2 goals):

- Collaborative projects
- Department objectives
- Cross-functional initiatives

Company Goals (1 goal):

- Tied to overall business objectives
- Shared across organization

8.3 Goal Setting Timeline:

- January: Previous year goals reviewed
- February: New year goals established
- July: Mid-year review and adjustment
- December: Final assessment preparation

8.4 Goal Examples:

Good Goal:

"Increase customer satisfaction score from 85% to 90% by December 31 through implementation of new support ticket system and response time reduction."

Poor Goal:

"Improve customer service."

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PAGE 8 - 360-DEGREE FEEDBACK

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9. 360-DEGREE FEEDBACK (SENIOR ROLES ONLY)

9.1 Eligibility:

- Directors and above
- Team leads with direct reports
- Project managers with cross-functional teams

9.2 Feedback Sources:

- Direct manager
- Peers (3-5 colleagues)
- Direct reports (if applicable)
- Cross-functional partners

9.3 Feedback Areas:

- Leadership effectiveness
- Communication style
- Collaboration and teamwork
- Strategic thinking
- Decision-making
- People development

9.4 Process:

1. Employee nominates feedback providers
2. Manager approves nominations
3. Anonymous surveys sent (10-15 minutes)
4. HR compiles aggregated results
5. Results shared with employee
6. Development plan created based on feedback

9.5 Confidentiality:

- Responses are anonymous and aggregated
- Minimum 3 responses required per category
- Results used for development only, not compensation

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PAGE 9 - APPEALS AND DISPUTES

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10. PERFORMANCE REVIEW APPEALS

10.1 Grounds for Appeal:

- Procedural errors in review process
- Bias or discrimination
- Inconsistent rating application
- Factual inaccuracies
- Lack of documentation

10.2 Appeal Process:

Step 1: Informal Resolution (5 business days)

- Discuss concerns with manager
- Attempt to resolve through conversation

Step 2: Formal Appeal (10 business days)

- Submit written appeal to HR
- Include specific concerns and evidence
- Request review by senior manager

Step 3: Review Committee (15 business days)

- HR, senior manager, and department head review
- May interview employee and manager
- Review documentation and evidence

Step 4: Decision (5 business days)

- Written decision provided
- Rating may be upheld, modified, or overturned
- Decision is final

10.3 No Retaliation:

Employees protected from retaliation for filing good-faith appeals

PAGE 10 - CONTACT INFORMATION

PERFORMANCE MANAGEMENT CONTACTS

Performance Management Team:

Email: performance@acmecorp.com
Phone: 555-123-5800

Performance Portal:

<https://performance.acmecorp.com>

Specific Contacts:

- Review Process Questions: reviews@acmecorp.com (ext. 5801)
- PIP Support: PIP@acmecorp.com (ext. 5802)
- Goal Setting Help: goals@acmecorp.com (ext. 5803)
- Appeals: appeals@acmecorp.com (ext. 5804)

Manager Resources:

- Manager Training: <https://learn.acmecorp.com/Performance>
- Performance Toolkit: managers.acmecorp.com/Performance

Employee Resources:

- Self-Assessment Guide: help.acmecorp.com/Self-Assessment
- Goal Setting Template: forms.acmecorp.com/Goals
- Career Development: career.acmecorp.com

Training and Development:

Email: learning@acmecorp.com
Phone: ext. 5900

HR Business Partners:

Contact your assigned HRBP for review support

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END OF DOCUMENT

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