

Sample Policy: Performance Reviews

The following sample policies were excerpted from [The Book of Company Policies](#), published by HR Specialist, © 2007. Edit for your organization's purposes.

Sample Policy 1:

“Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Additional formal performance evaluations are conducted annually to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.”

Sample Policy 2:

“XYZ hires the most qualified people available and gives them maximum opportunity to advance. A written evaluation will be discussed with the employee no less than once a year. The objectives of the performance evaluation process are: to review job performance, to facilitate timely written and verbal feedback, to provide a record that a performance review was prepared and discussed, to identify specific opportunities for personal development, to provide recommendations for future assignments and to provide background information for advancement and compensation decisions.”

POLICY CONSIDERATIONS:

Inadequate or unfair performance reviews can cause serious morale problems, miscommunication, faulty decision making and costly legal repercussions. At their best, professional and objective appraisals help make your company a well-oiled machine. Performance reviews have three basic purposes:

- To give all employees feedback on their performance.
- To establish a basis for modifying work-related behavior.
- To provide management with information on which to judge compensation, work assignments, promotions or retention.

Here are the key points to consider when creating your company policy on performance reviews:

You should encourage managers to discuss work performance with their employees on a regular

basis, not just once a year or when serious problems arise. But do set at least one formal annual review for every employee, and make sure all managers abide by the timetable.

The review process really begins with an accurate job description. This will enable the employer and employee to have a clear understanding of the work to be done and how it will be evaluated in advance of any review. Then you can compare results expected with results achieved.

Standards for employees performing the same job should be consistently applied to all. Base your standards on measurable results and behaviors where possible, not on subjective opinion about the employee's style or personality.

You should use consistent review forms and ratings for all employees in similar positions, but allow managers the latitude to add comments explaining their rating and to offer suggestions for improvement.

Effective reviews have clear, accurate ratings on how employees are performing. Emphasize that you want managers to make honest, objective appraisals. Consider the consequences if your supervisors indiscriminately handed out good reviews even to poor performers. Their appraisals would pull the rug out from under your company's legal defense if someone sued you because he was fired or denied a promotion.

The manager who says "all my employees are outstanding" may not be discriminating "satisfactory" performance from "above average" or "excellent." Define the limits for these categories whenever possible, and make sure all parties understand them. Example: "Product shipped on or prior to deadline 85 percent of the time is satisfactory, 90 percent is above average, and 95 percent is excellent." Monitor each manager's reviews for consistency, and compare managers across departments who are reviewing employees with the same or similar work assignments.

Caution: Do not require managers to adhere to any set quota on ratings of employees, even if the ratings are tied to raises or merit pay. You want to encourage honest, accurate ratings, not ones tied to budgetary limits.

You should ask employees to sign and date their written appraisals, acknowledging that they have read them.

Employees should have the right to respond to their review or to appeal a review they disagree with. Keep any written responses by an employee in your records with the manager's review, along with notes on any action taken as a result of the employee's response.

Managers who are charged with conducting reviews need adequate training. They require an understanding of how the process should work, how to use it effectively and how to make fair, informed ratings that are consistent across the board. For new managers, consider conducting training sessions to practice oral review techniques and build their confidence. Reviews themselves should be critiqued by top management or human resources, particularly for less experienced managers.

Note: Negative performance reviews by themselves are not actionable. You do not need to shy away from accurate, truthful evaluations of employees who have filed suit against your firm. Courts have ruled that a bad performance review, on its own, is not enough to prove that a company retaliated against a worker.