Performance Management Policy



It’s crucial to have a performance management policy to hold employees accountable and empower them to achieve maximum success. Here’s a template you can adapt.

1. **POLICY**

ABC Company is committed to providing an environment where all employees understand the impact of their contributions on the achievement of Company goals and are provided the opportunity for ongoing personal growth. In pursuit of this commitment, ABC Company has implemented a performance management system to empower employees to have greater input to their personal career progression and enable managers to better identify, recognize, and reward individuals based upon an agreed set of criteria.

2. **PERFORMANCE MANAGEMENT SYSTEM**

The ABC Company Performance Management Process consists of a four-phase cycle, as described below:

2.1 Phase 1: Planning

During the planning phase, individual goals and objectives are set for the performance period. Such goals are based on the principles of SMART (specific, measurable, achievable, relevant, and time based) to increase employee motivation and commitment to goal attainment, leading to greater performance and productivity.

2.2 Phase 2: Managing

Because the performance cycle spans several months, it is important for managers and employees to keep track of key performance highlights and challenges that occur during the year. Regular communication between the manager and employee is critical during the managing phase of the performance management cycle. Through formal and informal conversations, both parties will be kept advised on progress towards the successful completion of goals and expectations. These discussions also enable managers to provide timely feedback and coaching as the year unfolds. These notes will also help immensely when it’s time to prepare the annual review.

2.3 Phase 3: Reviewing

At the conclusion of the evaluation cycle, the manager will meet with the employee to conduct the annual performance review based on the SMART goals set during the planning phase and ongoing communication/feedback that has taken place during the managing phase.

2.4 Phase 4: Rewarding

Employees will receive merit rewards for meritorious performance, which may include increases to their annual base pay. Performance increases will be differentiated between employees based upon their overall performance ratings, with top performers receiving higher pay increases…