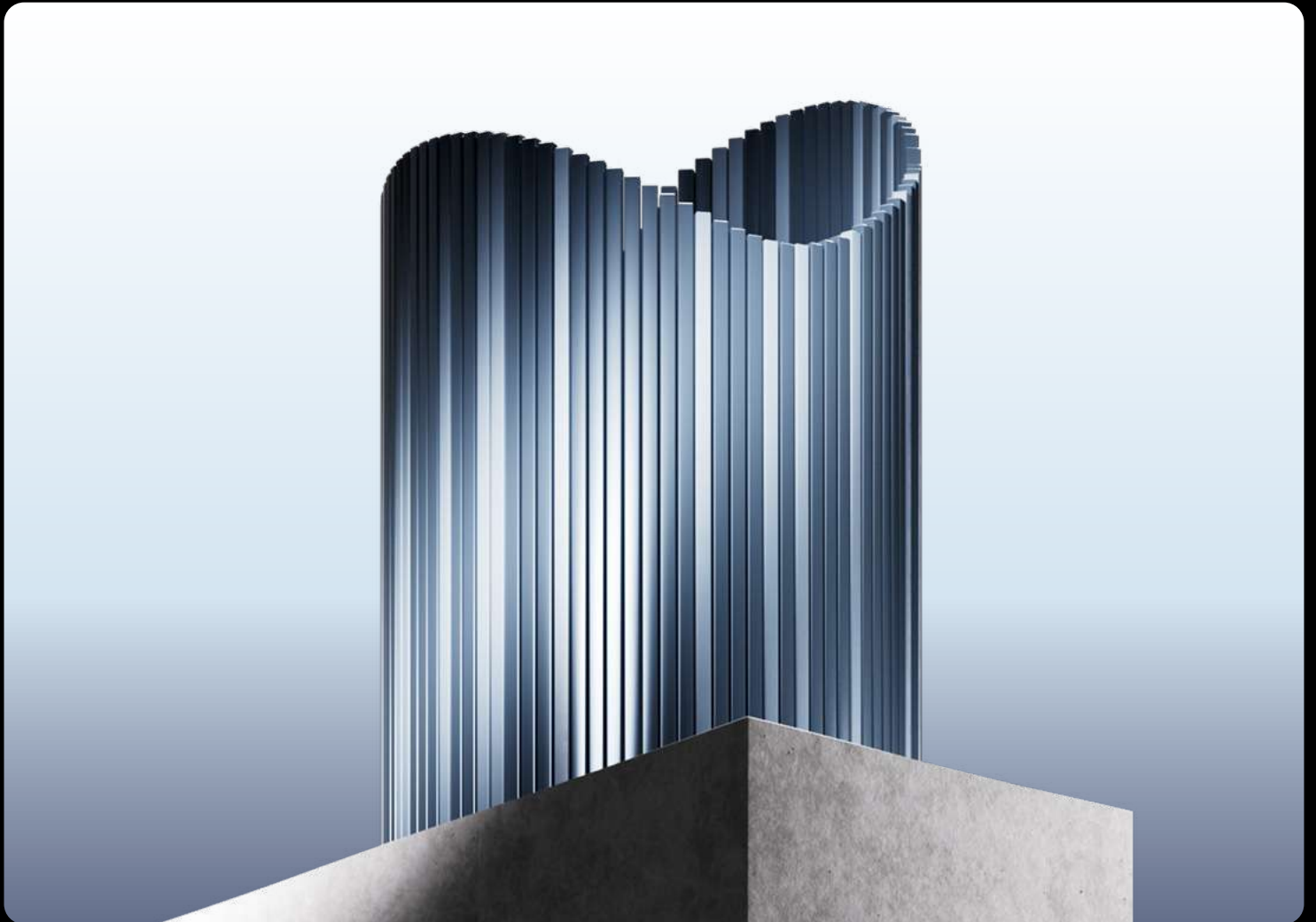
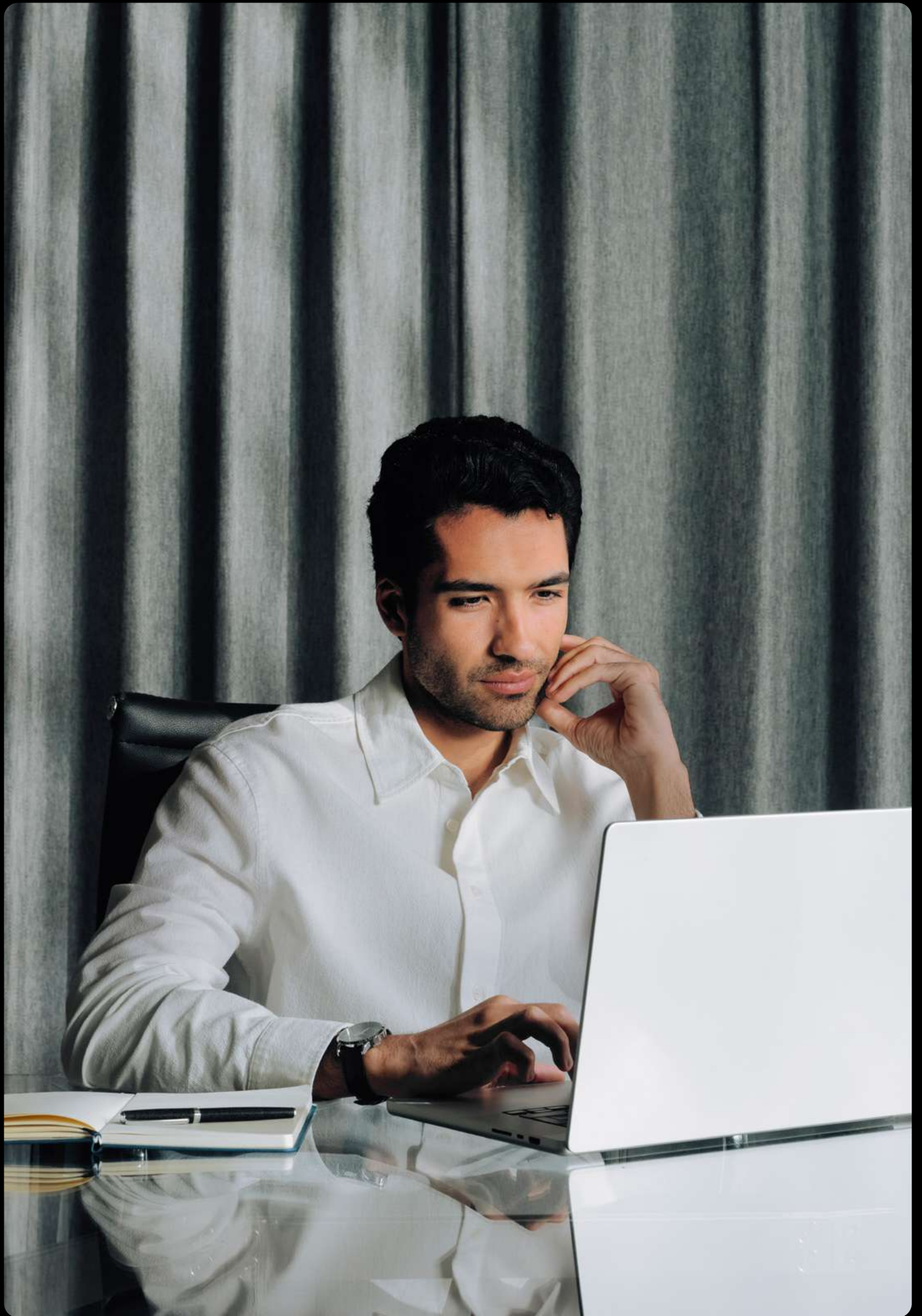


Revolut People

The performance management playbook





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At Revolut, we're proud to be one of Europe's most valuable tech companies, worth over \$45bn and with a customer base in the millions. Our founder, Nik Storonsky, shaped Revolut into its current form over 10 years of trial and error at the helm of the business.



However, we're most proud of our ability to grow in a highly competitive market, already occupied by established players. The key to our growth is a high-performance culture that promotes and nurtures amazing talent.

Building a high-performance culture is a challenging but game-changing endeavour. This playbook condenses all the best practices developed at Revolut over the last decade into a single document to support your performance-building efforts.

As you read through the following sections, check back at our performance review framework — we've developed a [Google Sheets template](#) to show you how performance reviews can work in practice.

How to create a high-performance culture	Relevant playbook section
<p>Set foundations</p> <ul style="list-style-type: none"> Treat performance as a priority and focus on A-players. Make performance a top CEO priority, with a standardised approach to identify high performers 	Talent philosophy
<ul style="list-style-type: none"> Set up a performance team. Hire 1 or 2 top operators to build and manage your performance processes 	Performance team
<p>Build processes</p> <ul style="list-style-type: none"> Define a talent framework. Create a scientific framework that accurately distinguishes great and poor performance 	The framework
<ul style="list-style-type: none"> Standardise assessments. Turn reviews into a simple and quick quarterly process that saves managers' time 	The process
<ul style="list-style-type: none"> Standardise promotions and exit underperformers. Identify poor performance early and maintain a high bar for quality 	Career trajectories
<p>Act on results</p> <ul style="list-style-type: none"> Incentivise A-players with performance-based equity bonuses. Give exponentially increasing bonuses based on individual, team, or company performance 	Performance bonuses
<ul style="list-style-type: none"> Pay above-average salaries for above-average talent. Ensure you're always offering competitive salaries by maintaining benchmarks 	Compensation and review process

For more advice on creating a top-performing team, visit our Resource Library. We offer a wide range of on-demand webinars, scorecard templates, and ebooks that help highlight the practices that made Revolut one of the most successful startups in Europe.

[Explore our Resource library.](#)

Talent philosophy

This section at a glance

A high-performance culture focuses on 'A-players', which means using resources to retain and promote the top 15-25% of your team while exiting underperformers as fast as possible.

Establish a high-performance culture by learning how to:

- follow a standardised approach to performance management that removes manager bias
- make performance a top priority for the CEO, with a dedicated team reporting on it
- strengthen the link between performance, compensation, and career trajectory

The essence of high-performance culture

Every team is made up of A-players, above-bar employees, and underperformers

Weight	Employee type	Suggested action
15–25%	A-players that push the company forward and generate the most value	→ 🏆 Promote and compensate exponentially (large equity bonuses, raises)
65–85%	Above bar employees that contribute steadily but have room to grow	→ ↔ Push to become A-players
0–10%	Underperformers that fail to meet expected standards	→ 🚪 Exit or performance improvement plan

- **A-players** are employees that deliver results above and beyond the standard expectations for their role, benefiting the company in a statistically significant way.
- **Above-bar** employees make up the bulk of the company, achieving what's expected but not going much beyond that. Churn among them is acceptable and expected, but some can become A-players with the right training and development.
- **Underperformers** struggle to meet expectations, and might be better suited for a different role. They normally represent 5-10% of your workforce, but you should strive to reduce underperformance to 0% by transitioning team members into more suitable roles.

The high-performance culture is focused on A-players. A small group of talented and hardworking individuals can drive a business to the next level, as their output has much more value than the average employee's.

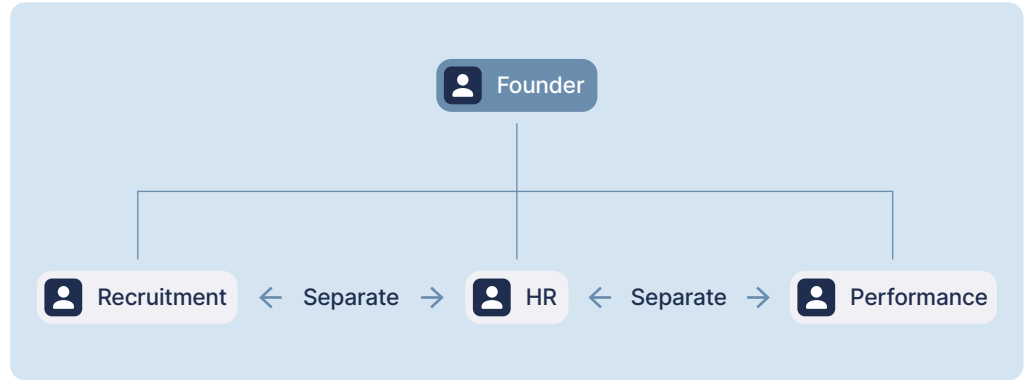
Identifying and retaining top talent is key. Don't be afraid to pull out all the stops, even if doing so diverts resources away from above bar employees. Focusing on A-players also means having a high bar for talent and identifying underperformers as soon as possible.

Making it happen

Understanding how your team is made up is the first step — next, you can start improving your company culture. We think a high-performance culture is made of 3 components: skills, delivery, and culture.

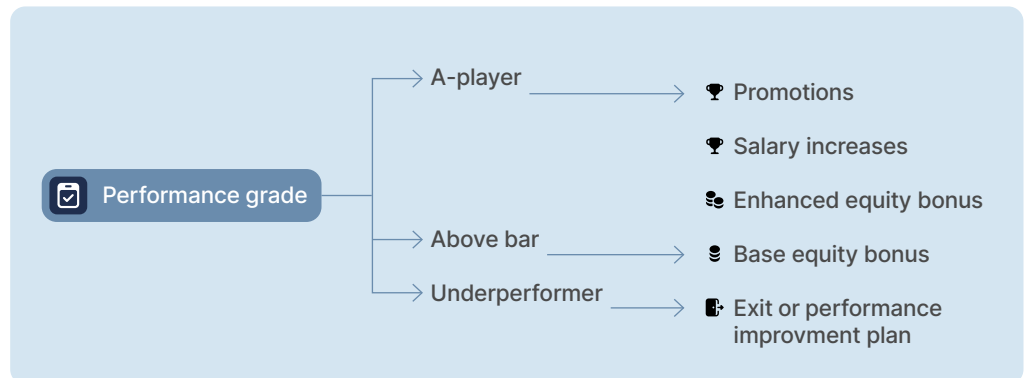
By breaking high-performance down into separate parts, it's easier to grade employees — each component can be quantified and listed on a scorecard. It's also important to standardise these scorecards and the performance review process. This means there's less room for subjectivity and assessment results are easily understood by all levels of the company.

Direct CEO mandate



We firmly believe performance is a direct CEO mandate, because it can dramatically impact the success of the whole company. It shouldn't be one of the many responsibilities of the HR team — it should be a core priority of the CEO's office. We recommend setting up a small performance team, staffed with capable individuals, that reports directly to the CEO.

Make performance matter



Lastly, it's important that you make performance matter. It should affect most aspects of employee life (such as compensation, promotions, and exits) in a direct and transparent way. In particular, we think it's key to offer performance-based equity bonuses — a high-performance culture relies heavily on incentives.

Performance team

This section at a glance

To create a high-performance culture, start by forming a team that reports directly to the CEO. It should consist of highly-competent problem solvers that can handle the various components of performance management as a whole.

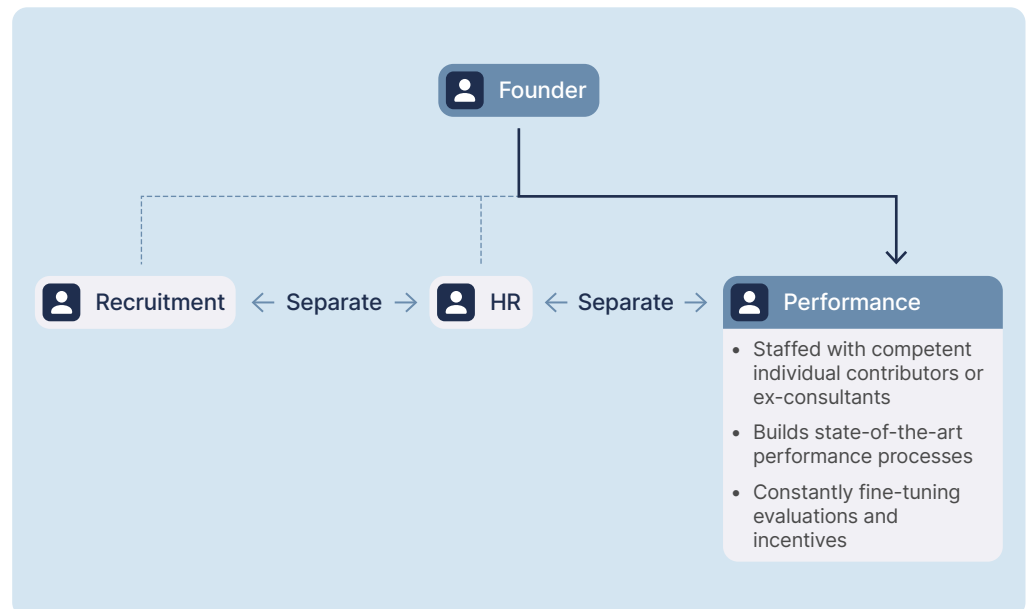
Staff your performance team with people skilled at building processes and analysing data. Their tasks will include:

- building and running the performance 'mechanism'
- developing incentives that matter
- assessing the quality of key performance indicators (KPIs)

The shape and size of the performance team will shift as the organisation evolves. It may even start as a single manager. However, you'll eventually need a dedicated team to build and handle the various parts of a scalable performance infrastructure.

The case for a performance team

Performance should be a direct CEO mandate, with a team to manage it end-to-end



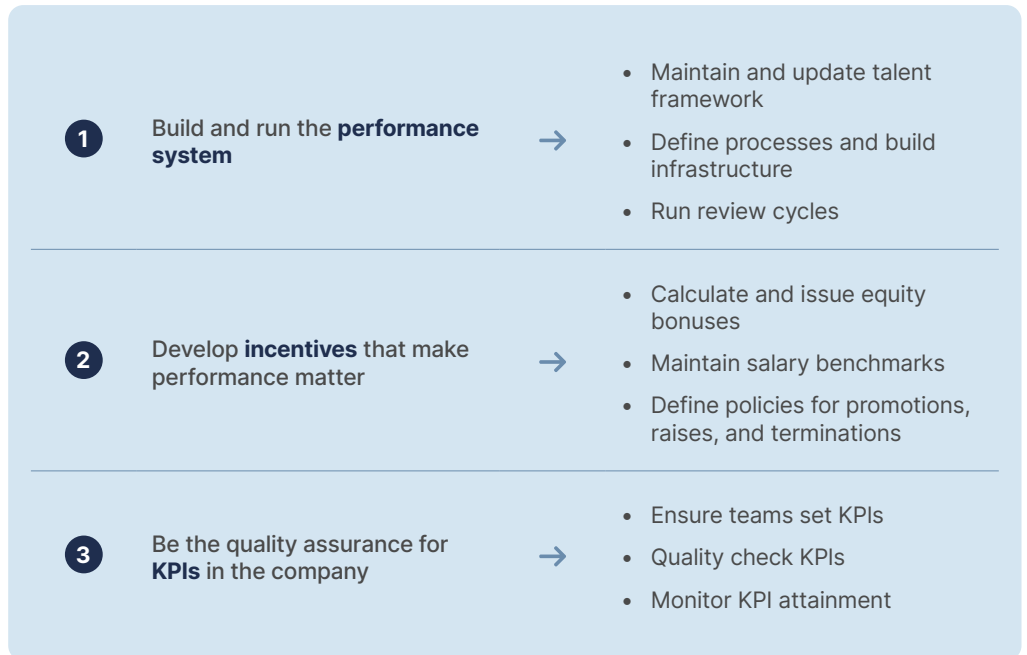
A small number of A-players can have a dramatic impact on the success of a company — which is why it should be a core priority of the CEO's office, rather than just another responsibility for the HR department.

So, we recommend setting up a performance team that reports directly to the CEO to look at all aspects of performance. This team (which can even be a single person, depending on the size of your business) should be entirely separate from HR and Recruitment.

A strong performance team consists of unspecialised but competent problem solvers. Early on, we found that these unspecialised problem solvers were well-suited to thinking about performance holistically (e.g. taking KPIs, incentives, and talent framework into account) and building elegant, structured processes around it.

Responsibilities

A performance team’s holistic approach to performance

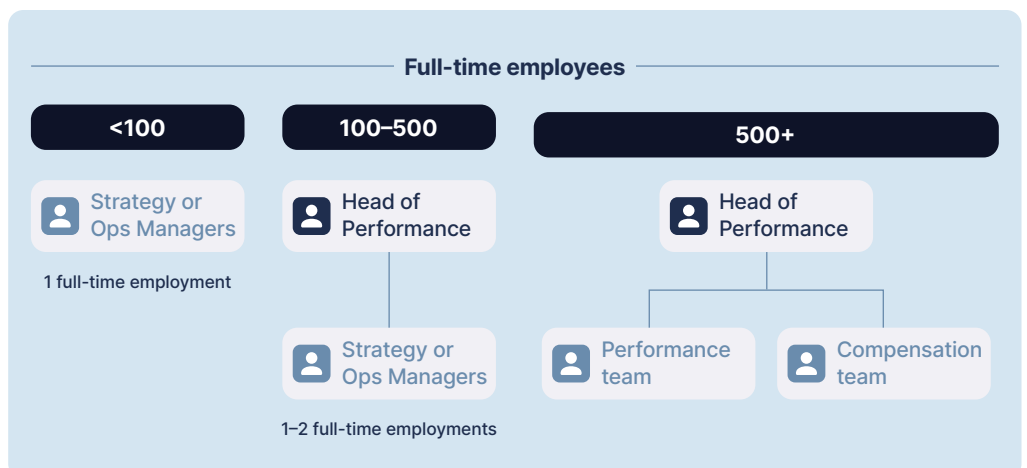


The performance team should be responsible for all matters that are related to performance, including:

- Maintaining the performance system** — building and running all processes, infrastructure, and tools necessary for performance evaluation. You’ll need someone to initiate reviews, chase managers, gather feedback, analyse data, and present reports.
- Designing incentives** — determining what A-players’ compensation will look like, and how resources will be distributed to ensure fair salaries.
- Completing quality assurance of KPIs** — the performance team should review how KPIs are used within your company, providing feedback on their effectiveness and relevance. This doesn’t mean the performance team should set the KPIs by which employees are evaluated (departmental heads should have final say on that), but they should be consulted to help identify precise and appropriate metrics for use as KPIs.

Team structure

Evolve the performance team



When you have less than 100 employees, your whole performance team may only be a single person. A relatively junior ops manager or a founder associate would be a good choice, someone who can set up the foundations of a high-performance culture.





As you grow beyond 100 employees, you'll need a fuller team to manage performance effectively. Consider appointing a Head of Performance, who'll become a key point of reference for your managers and executives. The first task for this team is to build performance infrastructure that will survive as your workforce continues to expand.

Beyond 500 employees your performance team will need to be big enough to split into two sub-teams:

1. **Compensation team** — focuses on administering equity grants, maintaining salary benchmarks, and handling the process around raises. The majority of this team can be individuals with traditional HR or back-office profiles, but you'll need at least one expert on equity grants to manage your growing pool of employee stock incentives.
2. **Performance team** — continues to focus on KPIs, performance reviews, and other aspects of performance. Multi-skilled problem solvers should make up the bulk of the core roles in this team.

As the company grows even further, the HR department should have a dedicated team on handling day-to-day operations related to compensation, while all of the core decisions and framework design is the responsibility of the compensation team.

Team profiles

The role	The type	Profile
 Head of Performance	An experienced problem solver who can address strategic and operational challenges	<ul style="list-style-type: none"> • 6-10 years of experience in ops in a scale-up (or in a top consulting company) • Able to manage a team • Hands on — doesn't delegate all to their juniors
 Strategy or Ops Manager	A relatively junior operator with strong analytical skills	<ul style="list-style-type: none"> • ~2 years of experience in ops in a start-up or consulting • Proficient with data analysis • (SQL and/or advanced spreadsheets) • Good at process building
 Equity Manager	An expert on equity grants to manage growing pool of stock incentives	<ul style="list-style-type: none"> • 6+ years of experience in rewards advisory in a Big Four firm, or equivalent experience as equity manager in a tech company
 Compensation Manager	A manager with experience in traditional HR or back-office roles	<ul style="list-style-type: none"> • Standard HR admin or people operations profile

The profiles above are just suggestions — the key point to remember is that you will need a group of smart, hard-working individuals who can build processes, analyse data, and tackle performance end-to-end.

This section at a glance

Performance can be broken down into 3 separate components:

- Deliverables — the ability to complete tasks. This component should also consider speed, quality of output, and the complexity of the assigned task
- Skills — the technical competencies required for a role
- Culture — how well an individual displays and engages with company values

Use scorecards to describe ideal behaviours and standardise how these components are assessed. Scorecards help remove manager bias from performance reviews and provide greater clarity to employees.

Managers fill in the scorecards with simple yes or no answers that reflect their teams' behaviours.

Defining performance

The first step in creating a high-performance culture is defining what top talent looks like. Through trial and error, we identified the 3 primary components of performance: deliverables, skills, and culture.

Each of these components is essential and must be measured separately. Take a software engineer, for example. Even if they have the required skills, failing to align with company culture causes toxic team dynamics and friction. Similarly, they might consistently deliver high-quality work and are a great fit with company, but you need a solid understanding of their skills (versus those required in a more senior role) to know if they're ready for promotion.

Once performance is defined, it needs to be quantified — assigning a number to performance helps ensure consistency and clarity. Performance reviews generate a numerical score, but the final grade will be one of the levels on our 5-level scale: Poor, Basic, Intermediate, Advanced, and Exceptional.

If you want to see an example of the numerical scoring we use, download our [performance review framework template](#).

01 Deliverables

Ability to deliver on goals

Owner: CEO

 Speed

Ability to meet deadlines

 Quality

Number of iterations required for completion

 Complexity

Degree of precedent

In our performance framework, 'deliverables' refers to the ability to complete tasks — from setting up a process or writing code to launching a marketing campaign. An employee's deliverables score is based on 3 components: speed, quality, and complexity:

1. Speed is the employee's ability to meet deadlines. While it's usually better to have tasks completed as soon as possible, our scoring specifically focuses on whether the task was completed before a deadline or not, rather than how fast an employee works in general.
2. Quality is measured by the number of iterations required to achieve a task — ideally, work shouldn't require more than one. Keep in mind that additional iterations may be necessary due to factors outside of the control of the employee being reviewed

3. Complexity is measured by precedent. This refers to how often a task is completed within the team, department, or company (so tasks completed daily have the lowest complexity). We use 'precedent' because new tasks require innovative solutions, which often need to be developed as part of the task itself.

Numerical scoring for speed, quality, and complexity should be standardised across the company. Download our [performance review framework template](#) to view our own scoring system, and view the examples below to explore the performance criteria for our 5-level scale.

01-1 Speed — Example

Mastery	Requirements
Poor	<ul style="list-style-type: none"> Usually delivers tasks late and misses important deadlines
Basic	<ul style="list-style-type: none"> Usually completes tasks on time and rarely misses deadlines
Intermediate	<ul style="list-style-type: none"> Always meets deadlines and often beats them
Advanced	<ul style="list-style-type: none"> Delivers very fast, habitually beating deadlines
Exceptional	<ul style="list-style-type: none"> Identifies important targets and executes tasks to an exceptional standard, beating deadlines by huge margins

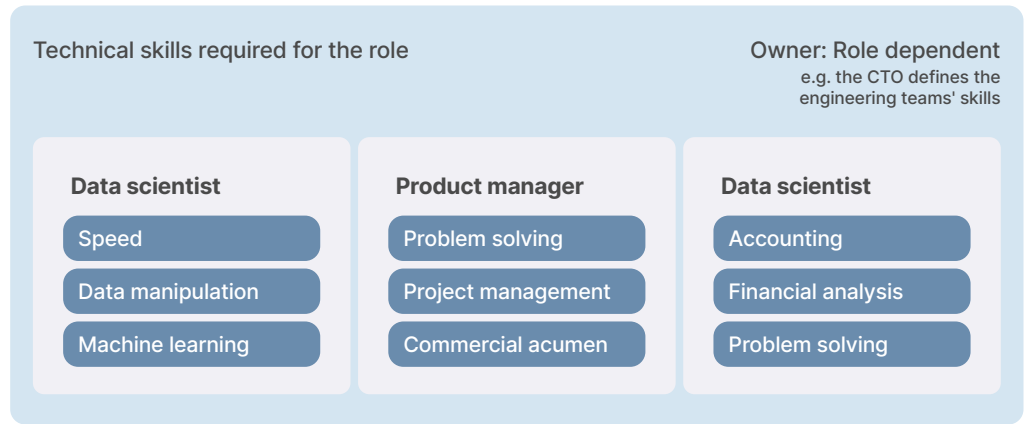
01-2 Quality — Example

Mastery	Requirements
Poor	<ul style="list-style-type: none"> Output quality is unacceptably low
Basic	<ul style="list-style-type: none"> Tasks are delivered to an acceptable standard, but sometimes require several iterations before completion
Intermediate	<ul style="list-style-type: none"> Tasks are delivered to a high standard and typically require only 1 iteration
Advanced	<ul style="list-style-type: none"> Tasks are always completed in a single iteration and are delivered to an exceptionally high standard
Exceptional	<ul style="list-style-type: none"> Can link any given task the overall vision of the business, translate that into an actionable plan, and design a process to execute the task

01-3 Complexity — Example

Mastery	Requirements
Poor	<ul style="list-style-type: none"> Only delivers routine tasks that have been completed many times before within the organisation
Basic	<ul style="list-style-type: none"> Delivers a mix of standard and non-standard tasks with varying levels of precedent
Intermediate	<ul style="list-style-type: none"> Completes a significant number of non-standard tasks that have few comparisons available within the organisation
Advanced	<ul style="list-style-type: none"> Confidently delivers highly complex tasks that have little precedent
Exceptional	<ul style="list-style-type: none"> Delivers exceptionally difficult and complex tasks that require the invention of radically new processes

02 Skills



Skills refers to any technical knowledge an employee needs to perform within a given role. Identifying skills provides clear expectations of what's required for a role. These expectations can be used by employees as a roadmap for moving into a new role, or by recruiters to find the right talent and test their knowledge

For example, let's look at the skills of a data scientist. You'll probably break down their skills into:

1. theoretical knowledge of statistics and machine learning
2. coding proficiency, such as their ability to code in Python
3. ability to manipulate data and design effective models

We recommend selecting relevant leaders within your company that can define skills for each of your roles. So, your CTO would define the skills any technical roles, including data scientists and frontend developers. Below, we've listed 3 example skills for a data scientist (Python coding, data modelling, and machine learning), as well as what an employee's performance might look like at each tier of our 5-level scale.



02 Skills — Example — Data Scientist

Skills			
Level	Python	Modeling	Machine Learning
Poor	<ul style="list-style-type: none"> Struggles to deliver simple tasks 	<ul style="list-style-type: none"> Cannot architect solution on the application level 	<ul style="list-style-type: none"> Low level of mathematical ability, cannot work with concepts beyond high school or undergraduate level Struggles with abstraction
Basic	<ul style="list-style-type: none"> Codes using appropriate data types, collections, and constructs. Effectively uses language syntax and constructs Can perform typical interactions (IO, APIs, DB) in Python, writes code in a clean Pythonic way Follows conventions set for the project Appropriately uses standard library and popular packages to solve common problems 	<ul style="list-style-type: none"> Familiar with basic data modelling techniques and able to create simple data models (Star, Snowflake, Data Vault, Data Vault V2, Anchor model, Data Lake) Understands sharding and replication Works with architecture on application level and can perform typical interactions (IO, APIs, DB, caching). Can expand an existing domain model and define new endpoints and interactions 	<ul style="list-style-type: none"> Applies mainstream machine learning libraries to solve problems Solid understanding of tasks, specific metrics, validation techniques, and hyper parameter optimisation Solid understanding of frequentist statistics and statistical tests Can build interpretable models if it is required by a use case
Intermediate	<ul style="list-style-type: none"> Improves non-Pythonic code produced by others, proposes clean and concise ways to improve Can build and release Python packages from the ground up. Understands semantic versioning and dependency management Can work independently on a standard Python solution Practical understanding of the Python data and memory models 	<ul style="list-style-type: none"> Capable of designing complex data models that accurately represent business requirements and can correctly apply prototypical data models to the specific use case Has a practical understanding of the distributed systems guarantees and limitations. Can tailor a solutions' architecture to the specifics of a particular distributed system Understands domain business context and defines architecture on domain or department level Fluent in data storage and processing solutions and approaches 	<ul style="list-style-type: none"> Solid understanding of frequentist and Bayesian statistics, can link statistical models with standard machine learning models Builds a consistent track record deploying ML models in production systems Refines their approach to solve specific problems or edge cases Can propose and verify model hypotheses to come up with a better solution
Advanced	<ul style="list-style-type: none"> Can correctly choose when to use multithreading, asynchronous, or multiprocessing and write correct code using it Deep understanding and expertise in building and releasing complex Python libraries with multiple dependencies, applications and services Is able to drill down into complex upstream library and contribute to it 	<ul style="list-style-type: none"> Develops optimised and scalable data models. Breaks down and builds complex systems with multiple data models and different guarantees. Incorporates industry best practices Practical and deep understanding of high-throughput and large scale distributed systems Understands organisation's business context and defines architecture on organisation level 	<ul style="list-style-type: none"> Thinks creatively, can mathematically infer a specific model given a use case and implement it from scratch Deep understanding of classical ML and modern state-of-the-art methods like deep learning Can read a new complex paper, adapt and implement the proposed solution, Is aware of the state-of-the-art of machine learning
Exceptional	<ul style="list-style-type: none"> Able to contribute to any part of any project containing Python at the company with massive impact Python Core Contributor level of understanding. Widely recognised as an expert in the Python community 	<ul style="list-style-type: none"> Routinely avoids potential problems through experience, widely recognised as an expert 	<ul style="list-style-type: none"> Track record of delivering industry-leading results in multiple ML applications Can come up with a state-of-the-art level model which breaks existing benchmarks in a certain field, their approaches are published as papers

03 Culture

The examples below are from Revolut's own cultural values. Owner: CEO

Dream team

- A mastermind of people, redefines industries and expectations
- Takes a scientific approach to building a perfect team

Push the limits

- Relentlessly pushes themselves and others to break records and exceed established standards
- Ability to see through chaos and complexity to identify patterns and priorities

Get it done

- Uses a strategic approach, is able to create an innovative strategy to implement the company's vision
- Almost unbelievable ability to get things done with almost zero resources

In our framework, 'culture' refers to how much an employee aligns with your company's cultural values. We found the best way to instil a strong company culture is to make it part of performance reviews.

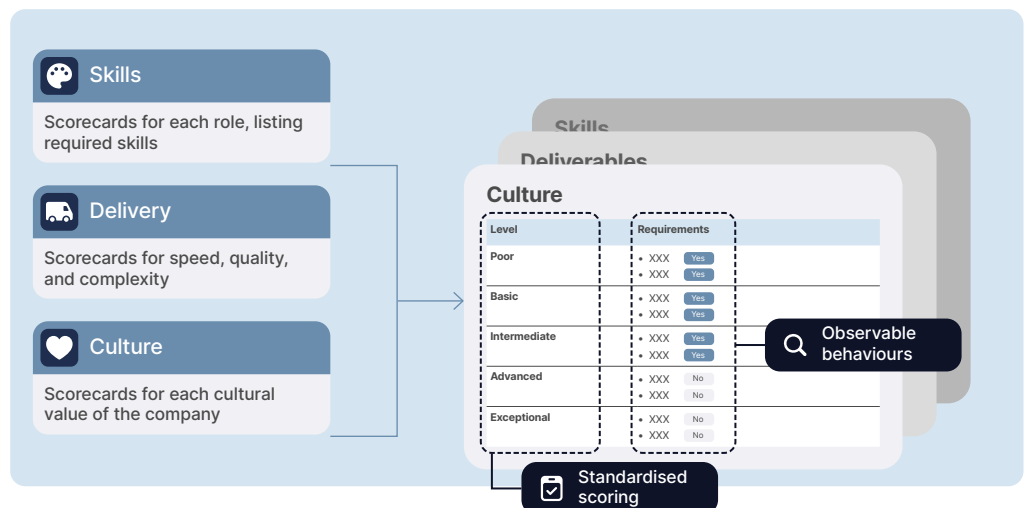
We recommend linking your cultural values to expected behaviours, as shown in the diagram above. This stops your culture from becoming entirely abstract — it gives your employees actionable examples so they can embody your company culture in everyday tasks.

03 Culture — Example — 'Get it done'

Level	Requirements
Poor	<ul style="list-style-type: none"> • Inconsistent track record of impactful deliverables • Average work ethic, rarely puts in the additional effort when required • Lacks grit, backbone, tenacity, and focus
Basic	<ul style="list-style-type: none"> • Takes ownership and delivers an impressive volume of impactful work • Possesses grit, backbone, tenacity, and leans towards action rather than passivity
Intermediate	<ul style="list-style-type: none"> • Able to deliver complex projects • Excellent work ethic. Works incredibly hard and goes the extra mile to deliver outstanding results
Advanced	<ul style="list-style-type: none"> • Can break through walls and achieve almost impossible goals • Is able to create an innovative strategy to implement the business vision
Exceptional	<ul style="list-style-type: none"> • Can get things done with almost zero resources

Standardising performance via scorecards

Remove bias and give clarity with scorecards



Consistency is crucial in any performance management system. If your managers apply different standards in performance reviews, employees may struggle to understand what they need to achieve for a promotion.

Our solution was to standardise every performance assessment with scorecards. Skills, deliverables, and culture are assessed by managers using a series of true or false statements about employee behaviour. Since the questions are standardised across the company, manager bias is limited and employees get a clear view of what they need to improve for progression.

We build scorecards with 2 things in mind:

1. **Consistent scoring** — The same 5-level scale is used across all scorecards: Poor, Basic, Intermediate, Advanced, and Exceptional. Poor refers to ‘red flag’ behaviours, which no one in your company should exhibit. Exceptional is the level that only the very best in the field should hit.
2. **Observable behaviours** — Think about the behaviours you’d want to see in your employees and build a scorecard around them. This approach gives managers specific actions to look for in employee performance, making grading easier and less biased.

Putting the scorecards into practice

Simple yes or no answers give the performance score

The diagram illustrates the structure of a performance scorecard. On the left, three overlapping cards represent 'Skills', 'Deliverables', and 'Culture — ‘Get it done’'. The 'Culture' card is the most prominent and contains a table with five levels and their requirements.

Level	Requirements
Poor	<ul style="list-style-type: none"> • Puts in additional effort when required • Does not lack grit and focus
Basic	<ul style="list-style-type: none"> • Track record of impactful work • Shows grit, tenacity, focus
Intermediate	<ul style="list-style-type: none"> • Able to deliver complex projects • Excellent work ethic, goes the extra mile
Advanced	<ul style="list-style-type: none"> • Can break through walls to achieve goals • Able to create an innovative strategy to achieve goals
Exceptional	<ul style="list-style-type: none"> • Almost unbelievable ability to get things done

On the right, a table shows how these categories are scored:

		Score
Skills	Skill 1	Poor
	Skill 2	Basic
	Skill 3	Intermediate
Deliverables		Advanced
Culture	Culture Value 1	Advanced
	Culture Value 2	Intermediate
	Culture Value 3	Intermediate

Managers can assess their teams' performance by simply thinking about their actions over the past few months and filling in a series of statements with yes or no answers.

Statements are grouped by proficiency level, so once a single ‘no’ answer is given, there is no need to fill in the rest of the scorecard — the employee’s level cannot be higher, as they need to receive a ‘yes’ answer for all criteria to move up.

This section at a glance

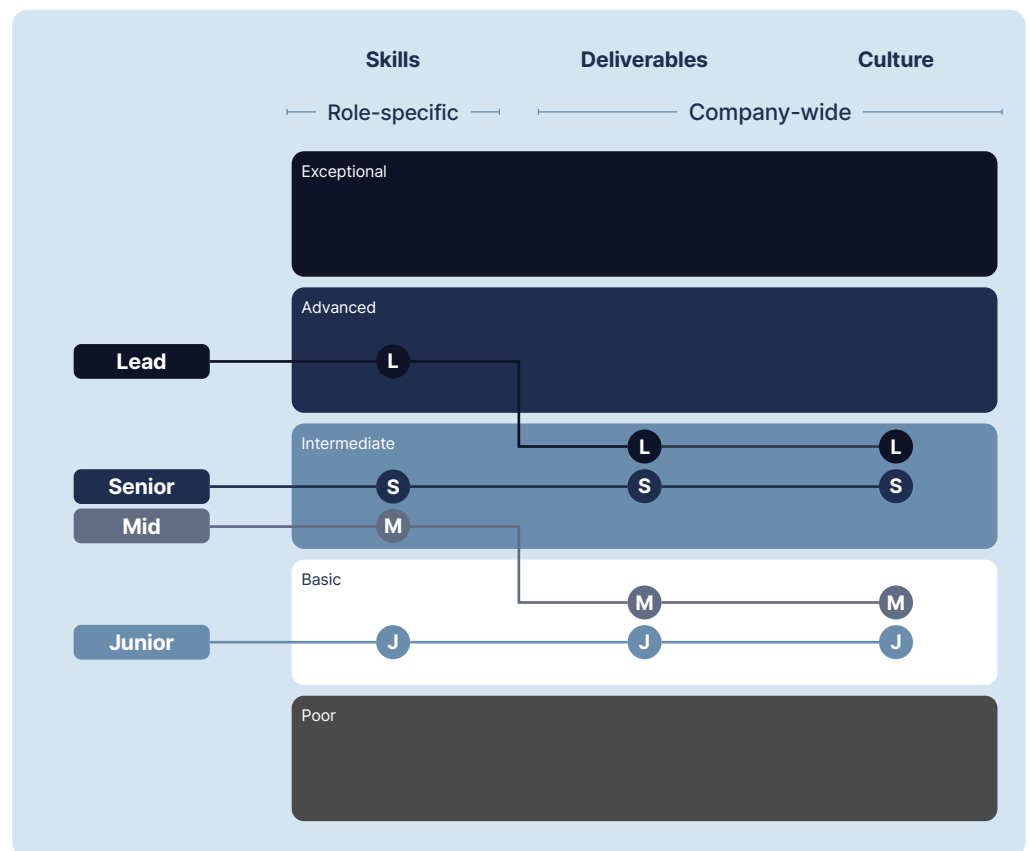
The 'talent bar' is the minimum requirement for each component of performance (skills, deliverables, and culture). All review scores are compared to the talent bar to see how employees are performing.

The performance team should run the review process every quarter by:

- Gathering all performance reviews
- Calculating grades and performing checks for outliers or missing data
- Publishing review results, with managers delivering feedback to their teams individually

The talent bar

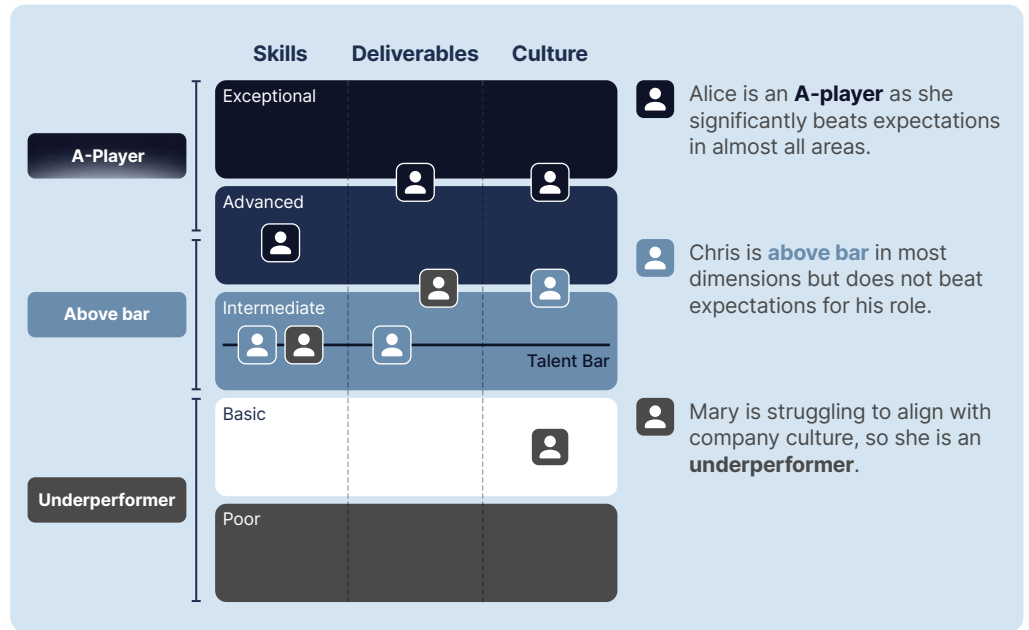
Talent bar per seniority



The talent bar outlines the minimum requirements for skills, deliverables, and culture according to employee seniority. The bar is placed somewhere on the 5-level system from Poor to Exceptional.

Employee performance is compared to the talent bar. Being below it or above it carries meaningful consequences, including additional compensation, promotions, or terminations.

Let's look at an example — Alice, Chris, and Mary are all members of the data science team. They are all Senior members, which creates high expectations and raises the talent bar. Their final grade depends on how their performance compares to where the bar sits in the 5-level system:

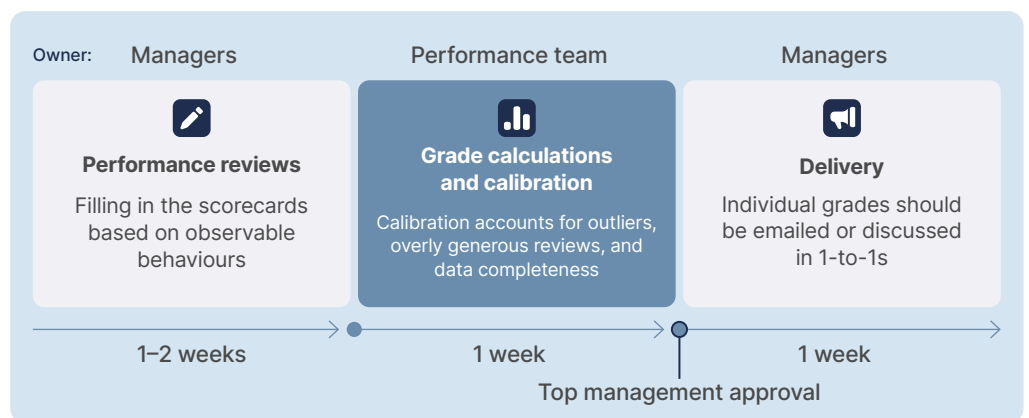


1. **Alice** surpassed expectations in nearly all areas by a full grade, performing in line with her more senior colleagues. Based on her performance she's an A-player, putting her on course for promotion.
2. **Chris** is graded as above-bar, since he's performing in line with expectations. He'll need to improve his performance to be considered for promotion and other A-player benefits.
3. **Mary** fails to meet expectations in one of the three components. Even though she is reaching the bar in other areas, one failure is enough to be graded as an underperformer.

Read the career trajectory and performance bonuses sections to see how being an A-player or underperformer affects the processes for promotions, compensation, bonuses, and exits. You can learn more about how the talent bar is implemented on RevolutPeople here.

Running the process

The performance review process runs every quarter



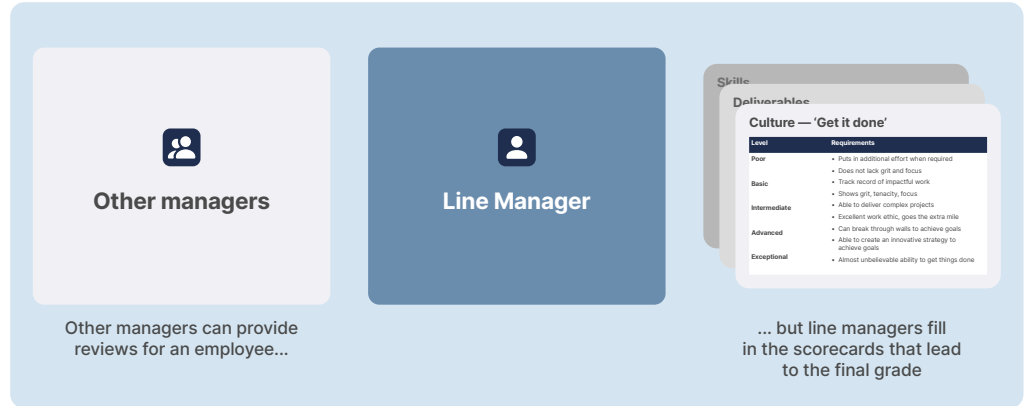
The performance review process runs every quarter, so that recognition of great performance and reaction to underperformance is quick. Managers review their team, as opposed to colleagues reviewing each other — we found that employees tend to be too generous with each other, so their reviews usually don't provide useful feedback.

The performance team owns the process and works with managers and employees to gather input. This is split into 3 stages:

Step 01. Performance reviews

The performance team sends out requests for reviews to line managers. Managers review the employee and fill in the scorecards. This stage should take 1-2 weeks.

Line managers gather feedback and fill in the scorecards for their teams



Step 02. Grade calculations and calibrating results

Grades are automatically calculated based on the scorecards, but the performance team is often required to calibrate the results for various reasons, including:

- A-players must account for no more than 15–25% of the workforce. Some managers can be overly generous, so it's important to adjust grades to ensure the top level is a set percentage
- Reviews may be missing data or have insufficient justifications
- Outliers may skew results or indicate a problem with the review process. For example, the performance team should investigate sudden changes in performance and unusually high or low values

The CEO and top management will review and approve the final grades to ensure results are fair, and to identify areas where additional resources or attention is required (such as consistently underperforming teams). This stage (including CEO review) should take a week at most.

Example score calculation

During the calibration process, the performance team makes sure that the results of the grading process are sensible and correct. Some examples:

- 50% of the marketing team are rated as A-players. The performance team should examine the reviews and ask the marketing manager to identify the strongest performers of that 50%, to reduce the number of A-players to acceptable levels
- The scorecards for some of the customer support team haven't been filled in. The performance team should follow up with the relevant manager as soon as possible, so that filling the missing scorecards does not delay the performance review process
- James, a Junior Business Development team member, has received an 'Exceptional' score in one area despite having only being graded as above bar in his past two reviews. The performance team will examine this improvement to ensure it is genuine and not a grading mistake

Step 03. Announcing results and delivering feedback

Employees receive their final results via email and can discuss them with their manager on their weekly 1-to-1 meeting.

The final results have a tangible impact on the employee's career trajectory and compensation, potentially leading to a promotion, or requiring a performance improvement plan.

This section at a glance

The outcome of a performance review should be directly linked to career progression.

There should be a clear and visible path to promotion, that follows a structured approach:

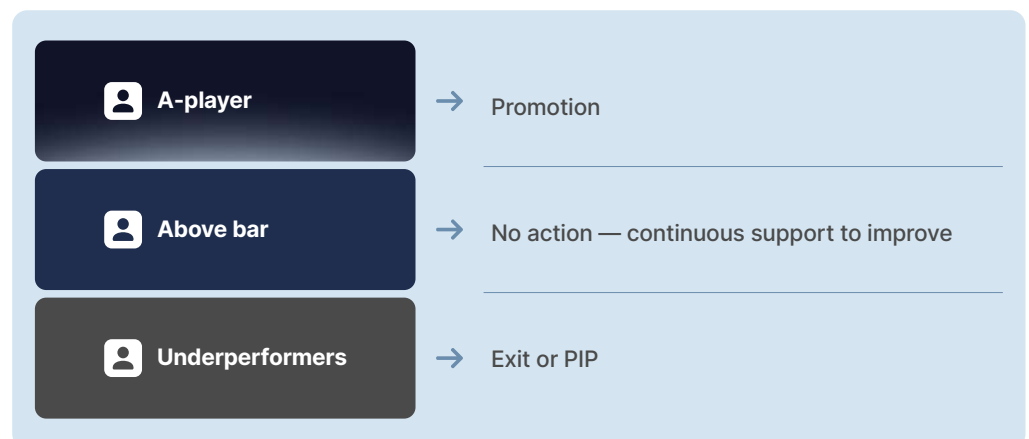
- Promotion means an increase in seniority while keeping existing titles — avoid creating unnecessary new roles
- Consistently excellent performance triggers eligibility for promotion, not tenure

The promotion process takes place every 6 months. The final decision for each promotion lies with management and requires a strong business case.

Underperformers are offered a choice — take a separation package and leave immediately, or enter a 6 week performance improvement plan (PIP) with clear targets and milestones.

Impact of performance on career progression

Performance reviews have a direct impact on career trajectories



1. Consistently being an A-player and exceeding expectations can lead to promotions and salary increases
2. Underperformance can lead to employees leaving the company, but it's important to implement performance improvement plans where possible

Path to promotion

The 2 guiding principles of career progression

Seniority over job title

- ✓ Create different seniority levels within the same title — higher levels have a broader scope of work and higher compensation
- ✗ Don't make up unnecessary roles for the sake of progression — roles and titles should have meaning

Clear triggers for promotion

- ✓ Consistently being an A-player means automatic eligibility for promotion
- ✗ Don't offer promotions simply due to long tenure, especially if there's no evidence of great performance

Within all teams and departments, promotion should be based on performance, with clear and objective criteria. The usual corporate practice of promoting based on length of service doesn't work in a high-performance culture — employees should be incentivised to go above and beyond what's expected. Tenure-based promotions can also become expensive over time, as employees will expect compensation increases at regular intervals, regardless of their performance.

Our 2 guiding principles, outlined above, offer a performance-focused alternative to tenure-based promotions. If an employee performs beyond their talent bar in all areas, and they are graded as such in a performance review, they can expect to be promoted to a higher seniority level with higher compensation and more responsibilities.

Promotion should be treated as a way to reward A-players for improving their performance. Longevity is not a reason for promotion, especially if the employee hasn't demonstrated that they'll perform well in a senior role — promoting someone before they're ready creates a bad precedent that skews team expectations.

Seniority levels

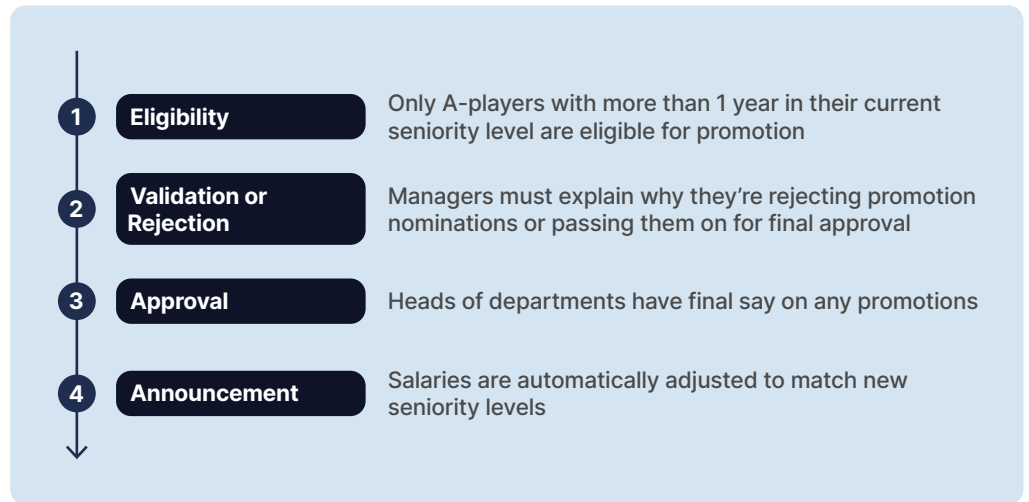
Level	Expectations
Junior	<ul style="list-style-type: none"> • Can deliver tasks with a little guidance and help • Learns from mistakes • Proactively looks for new tasks
Mid	<ul style="list-style-type: none"> • Independent contributor • Can deliver team level KPIs • Able to work on loosely-defined problems, deliver end-to-end projects, and own processes and metrics
Senior	<ul style="list-style-type: none"> • Experienced contributor who can solve problems independently, with little to no guidance • Does not yet manage a team, but supports others and pushes them to become better • Leads by example and is a role model for company values
Lead	<ul style="list-style-type: none"> • Owns company-level KPIs and manages a team • Performs well above the talent bar, achieves more with less • As a hiring manager, improves the interviewing process to hire the right people for the organisation
Director	<ul style="list-style-type: none"> • Manager of managers, directs and pushes a large organisation to win • Able to design processes from scratch to deliver a specific objective
VP	<ul style="list-style-type: none"> • Able to successfully solve unique company-wide problems • Acts as the single point of authority for a particular area, impacting multiple departments and functions

Example: Engineer

When promoted, engineers don't always become managers or acquire a new title. With our progression system, the expectations for their role is the only thing that changes:

- Junior — needs to deliver on low- and mid-complexity projects on their own, and be an engineering skills interviewer.
- Mid — needs little or no supervision, and delivers on mid- to high-complexity projects. They must also act as an interviewer when needed, and contribute to departmental updates and performance reports.
- Senior — must be able to deliver on a mid- to high-complexity project independently, and mentor several other engineers. As team leads, they should own their team's architecture, continuous integration/continuous delivery, and any other important processes, such as hiring, mentoring, and personal development.

The promotion process



While performance reviews should be quarterly, promotions only take place every 6 months — employees need to prove a consistently strong performance that lasts beyond one review. To accommodate the extra process outlined above, the performance review process lasts 2 weeks longer when promotions are due.

At the start of the promotion process, the performance team will send managers a list of any direct reports who are eligible for promotion. To be eligible, employees must have:

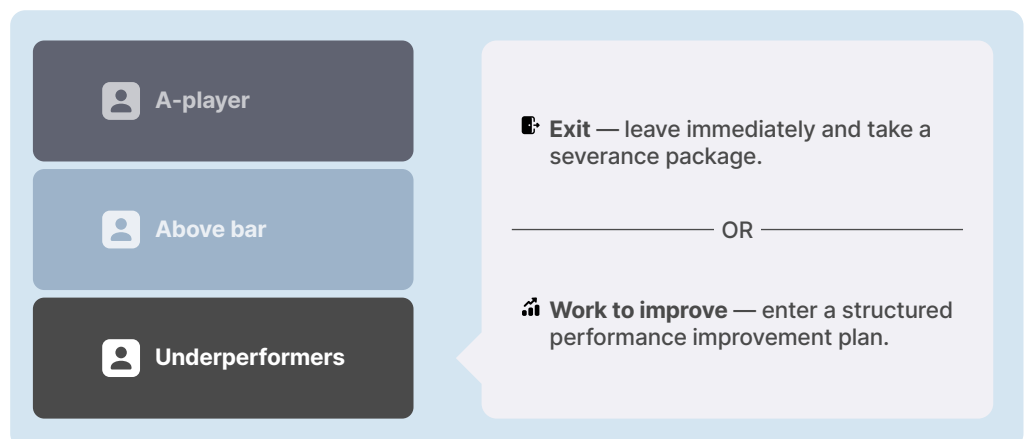
1. at least 1-year performing at their current seniority level
2. no performance review ratings below the talent bar
3. an A-player grade in at least 2 of the last 4 performance reviews. This varies based on seniority — our rules require at least 2 A-player grades in the last 4 reviews for Junior to Mid promotions, but 4 A-player grades in the last 4 reviews for promotions above Mid

Managers then validate or reject the promotion nominations for their team. Their recommendation needs to be supported by a business rationale and solid evidence for promotion. For example, they can submit a business case in the STAR format — Situation, Task, Action, Results.

At the final stage, upper management reviews and approves the list of validated promotions. Typically, this would mean the head of the relevant department, but more senior individuals may have their promotions approved by C-level executives, the CEO, or company founders.

Improvement plans

Underperforming employees have two options



When an employee's performance doesn't reach the talent bar, it's important to support them in finding the best path forward. This may mean turning things around through training and development, or exploring opportunities better suited to their strengths.

In our experience, employees are unlikely to naturally return to an 'above bar' level of performance in a role they've been consistently underperforming in. To counter that trend, you should offer employees a choice as soon as they fall below the talent bar:

1. Take an enhanced separation package (equivalent to what they would earn over the next 6 weeks plus their notice period), and leave their position at your company
2. Enter a performance improvement plan focused on the employee achieving an 'above bar' grade in their next review

The plan lasts 6 weeks and is managed by the employee's manager, with oversight from HR. Plans should be personalised to each employee, but most will include:

1. a series of clearly defined targets following the SMART framework (Specific, Measurable, Achievable, Relevant, and Time-based)
2. an interim check-in to review progress
3. a final decision from a committee on whether the employee should continue work as usual

Offering a performance improvement plan gives employees the chance to turn things around, as well as helping the business remain compliant with local employment regulations. These often require a series of formal processes when it comes to exiting employees for underperformance.

**Example —
How a performance
improvement plan (PIP)
is implemented**

Immediately following a performance review that results in an 'underperformer' grade

Step 1. Kick-off — HR notifies the line manager, and walks them through the PIP process and the severance package option in detail, before notifying the employee.

Step 2. Offer Choice — The line manager offers the employee the choice between taking severance or going through with the PIP.

Step 3. Cause of underperformance — The line manager discusses the potential cause of their poor performance with the employee, encouraging them to examine their performance.

Step 4. Starting the PIP cycle — The line manager syncs with HR to initiate a PIP cycle, which lasts 6 weeks from the moment the PIP is initiated and should include a checkpoint and a committee meeting.

1st week of PIP

Step 5. Setting and documenting goals — The line manager and the employee set the PIP KPIs in writing.

5th Week of PIP

Step 6. Checkpoint — The line manager and the employee review progress and interim results.

Last week of PIP

Step 7. Recommendation — The line manager prepares their recommendation regarding the PIP outcome, including a summary of the latest review to support the decision.

Step 8. Committee meeting — The line manager briefs their own manager and an HR representative on the results of the PIP, as well as giving a personal recommendation on next steps.

Step 9. Committee decision — The committee decides whether to keep the employee or to terminate them as per their contract termination clause

This section at a glance

A-players are the biggest contributors to company success, and should be rewarded appropriately.

Performance bonuses take individual and team/company performance into account, as well as seniority level.

The performance team owns the bonus process, although senior leaders can make adjustments to better reflect team performance or individual conduct.

Equity bonuses with quick vesting periods are preferable for both employees and the company, as they offer a short-term bonus while also keeping the company liquid by retaining cash for business use.

Types of equity (like stock or warrants and options) used can vary over time so it's important to have an in-house equity expert.

Using bonuses to reward top talent

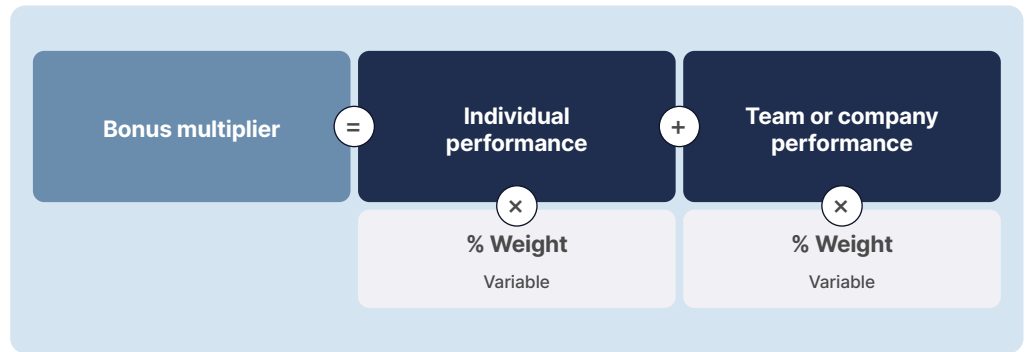


We find that monetary bonuses are the best way to incentivise performance. They're a highly flexible way to reward top talent — A-players have an outsized impact on the company, so they should receive an outsized bonus. Bonuses can account for team or company KPIs, which encourages the achievement of group goals as well as strong individual performance.

Bonuses are calculated through the multiplication of 3 factors:

1. **Potential bonus** — the initial bonus figure can be based on the employee's contract (e.g. 30% of base salary), or determined by comparing the base salary to the industry average for that role.
2. **Bonus multiplier** — this is based on individual and team/company performance. The weighting of each varies depending on seniority — company and team performance are more impactful if the bonus is for a team or departmental leader.
3. **Period adjustment** — bonuses are adjusted if an employee joins the company before the start of the performance review period.

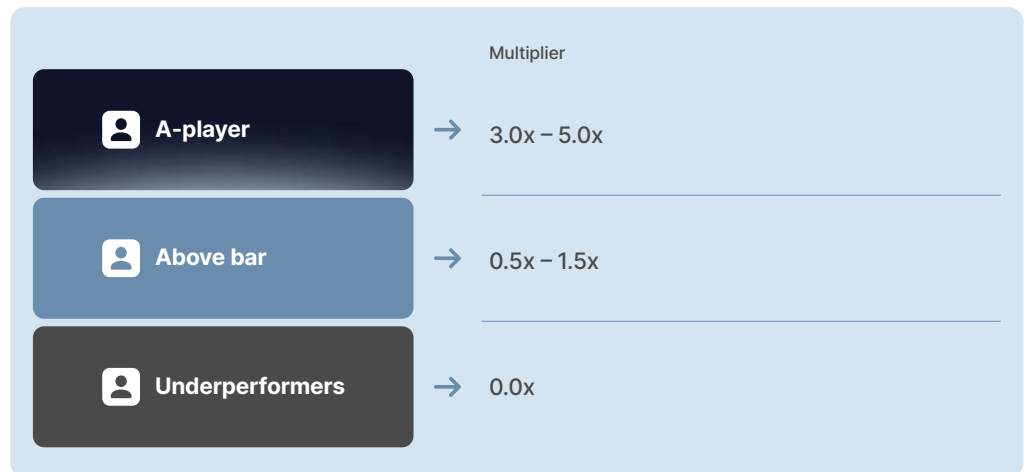
The bonus multiplier



The bonus multiplier makes compensation flexible depending on performance. The calculation is a weighted average of two factors, combining individual and group performance.

The individual performance multiplier is based on the grade received during performance reviews, and exponentially increases with better performance:

Individual performance multiplier

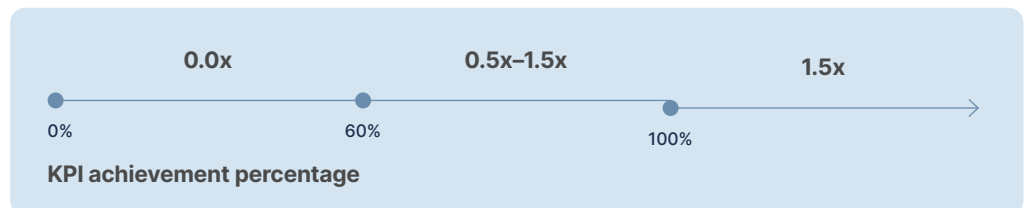


The other multiplier is based on team or company performance. It's important not to have separate multipliers for both — if the company has a great year, but a particular team is underperforming, that team would still be rewarded through the company multiplier despite not really contributing towards the company's success.

Team performance multipliers should be based on a relevant KPI, then adjusted based on their progress towards the KPI, based on the graphic below.

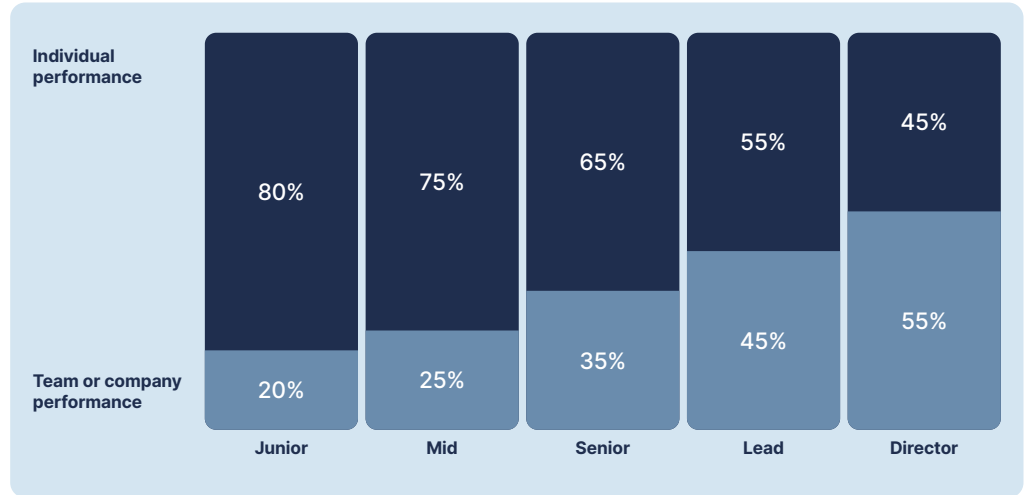
For example, let's say the Marketing team have a KPI of acquiring 10,000 new users via marketing initiatives. If they acquire 9,000 users, they're 90% of the way towards the KPI, so their team performance multiplier would be 1.25x. If they exceed their target by getting 11,000 new users, they'd get the highest potential multiplier of 1.5x.

Team or company performance multiplier



The performance multipliers are averaged using weights that vary based on seniority, with team performance gradually increasing in importance:

Multiplier weights



An end-to-end example

Alice is a Senior engineer in the Credit Cards team. She joined in February and is looking forward to her bonus award at the end of the year. Let's see what she'll receive this year:

- **Individual performance multiplier** — we'll average Alice's performance review scores for the last 4 quarters to calculate this multiplier. She's progressed from above bar performance to an A-player in the last two quarters, increasing the final multiplier result:

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Performance review grade	Above bar	Above bar	A-player	A-player
Multiplier	0.5x	0.5x	3.0x	3.0x
Individual performance multiplier (Average)	1.75x			

- **Team performance multiplier** — the Credit Cards team had two main KPIs over the course of the year: credit card revenue, and default rates. The teams' progress on these KPIs is used to calculate this multiplier, but it's important to note that default rates has a lower weight in the calculation.

	Weight	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Credit card revenue	0.75	50%	60%	70%	80%
Default rates	0.25	100%	100%	100%	100%
Average team KPI achievement		73.75%			
Team performance multiplier		0.84x			

- **Final multiplier calculation** — since Alice is a Senior, her individual performance accounts for 65% in the final calculation:

	Multiplier	Weight
Individual performance	1.75x	65%
Team performance	0.84x	35%
Bonus multiplier	1.43x	

- **Calculation of bonus** — we need to apply two final factors to work out Alice's bonus:
 - Her potential bonus is 20% of her salary (determined through compensation benchmarks)
 - Her period adjustment is 92%, since she joined in February and the performance period started in January

So her bonus as a percentage of salary can be calculated as: $20 \times 1.435 \times 0.92 = 26.4$

Final result: Alice's bonus this year is 26.4% of her annual salary

Bonus award process

The performance team runs the bonus process once a year

- 1 **Quality control** — both team and company KPIs are reviewed to ensure they're appropriate and measurable.

- 2 **Bonus calculation** — using average performance over the last four quarters.


- 3 **Adjustments** — these should be small changes that reflect exemplary team or employee performance.

- 4 **Announcement** — bonuses are typically paid out as equity.

Bonuses should be calculated and awarded once per year, using the 4-step process outlined above. Below, we've explained each step on more detail:

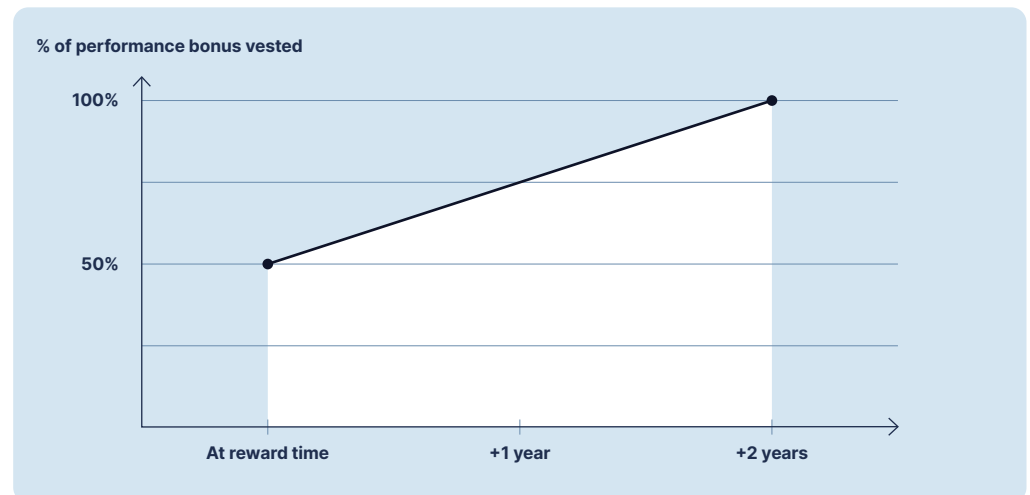
1. KPI quality control — as well as the manual checks made by the performance team during the bonus award process, any KPIs used in the bonus calculations are reviewed automatically throughout the year.
2. Calculations — the performance team will calculate each employee's potential bonus, bonus multipliers, and period adjustment (if required) using their performance reviews and KPI progress.
3. Bonus adjustments — C-level executives, heads of departments, and founders can ask for small additions or deductions to the bonus pool for certain teams if they think the KPIs used don't accurately account for exceptional achievements or underperformance. They might also single out individuals who deserve increased bonuses, or that should not get a bonus at all — but a business rationale should be provided.
4. Announcement — bonus amounts should be announced in your domestic currency, but are typically awarded in the form of equity a few months after the announcement. Learn more about why you should pay out equity bonuses below.

Cash vs equity bonuses

	Characteristics	Eligible employees
 <p>Equity bonus</p>	<ul style="list-style-type: none"> • Quick vesting periods • Equity options • Tax efficient 	<p>Above bar</p> <p></p> <p>A-players</p>
 <p>Cash bonus</p>	<ul style="list-style-type: none"> • Does not promote retention as well as equity • Can be variable to match employees with quota-based bonuses (e.g. sales) • Convenient for employees 	<p>A-players</p> <p></p> <p>Quota carriers</p>

We encourage you to award bonuses as equity: it's a good way to align employee incentives with the company's interest while preserving cash reserves. However, there are a few points to keep in mind when offering equity bonuses:

1. Quick vesting periods — we suggest offering bonuses with 50% already vested. The remainder should be vested over the next 2 years (vs the traditional 4-year vesting for sign-on bonuses). This helps simulate the short-term incentive of cash bonuses, and close the competitive gap between you and companies that only offer cash bonuses.



2. There is no perfect equity option — choose a type of equity that suits your size, growth, the location of your workforce, and local regulatory conditions. You may even need to switch the one you use as these factors are likely to change.
3. Maximise tax efficiency for employees — although they offer less in the short-term, equity is highly tax-efficient. Communicating this benefit clearly to employees can help encourage them to engage more with the company in a positive way.
4. Hire a shares compensation expert — as you scale up, hiring an in-house expert can help introduce new equity schemes, manage employee requests, and avoid compliance violations.

Cash bonuses are still a good way to award employees who are consistent A-players, although the cash bonus should be offered on top of equity, and in smaller amounts (measured in weeks of salary, rather than months).

Employees who normally receive low base pay, and incentivised through quota-based bonuses (such as salespeople, recruiters, customer support agents) are also well-suited to cash rewards.

Compensation and review process

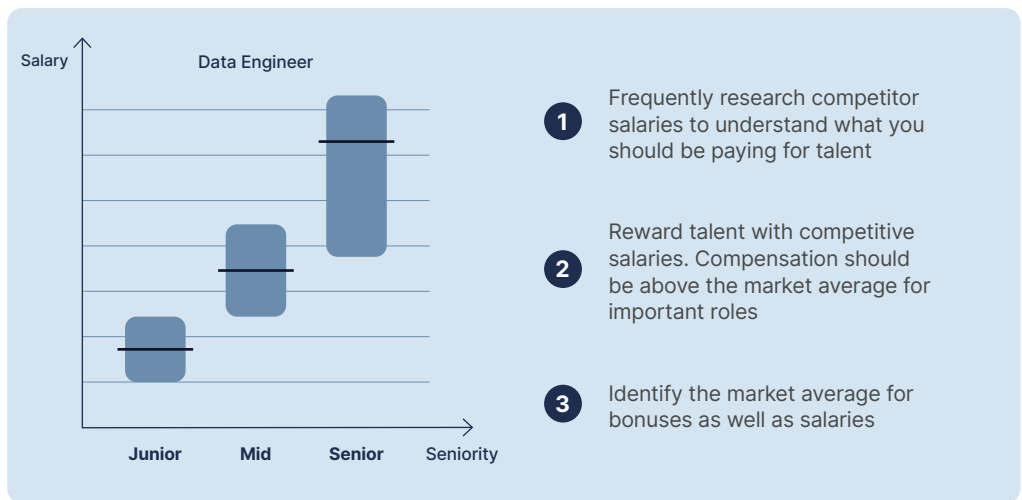
This section at a glance

Your compensation strategy can make or break a high-performance culture. By paying above the market average, you can hire and retain top talent.

Research competitor salaries across different roles, seniorities, and geographies to learn if you're paying the right price for talent.

A standardised pay review process with clear rules around salary adjustment sets the right expectations and saves managers' time.

Paying the right price for talent



We believe that to get above-average talent you need to pay an above-average price. To identify the ideal salary offering, a research programme should be put in place by the performance team. Here's how:




1. **Maintain data** — for each role, create a database listing location, seniority, and bonus vs base salary.

Example — Salary database for an engineer

Location	Junior	Mid	Senior	Lead
75th percentile — Salary / Bonus %				
New York	\$100k / 20%	\$120k / 20%	\$150k / 25%	\$175k / 25%
San Francisco	\$100k / 20%	\$130k / 30%	\$160k / 30%	\$200k / 35%
Houston	\$70k / 20%	\$90k / 20%	\$110k / 25%	\$150k / 25%
California (Remote)	\$80k / 20%	\$100k / 30%	\$130k / 30%	\$165k / 35%
Berlin	\$60k / 10%	\$80k / 10%	\$100k / 10%	\$125k / 15%
London	\$70k / 15%	\$90k / 15%	\$110k / 15%	\$150k / 20%

2. **Use multiple sources of information, and aggregate them into a single framework** — many companies conduct compensation surveys, so pick the ones that best cover your roles and location. Examples include AON Radford, Korn Ferry, Mercer, Ravio, and Figures.
3. **Review databases periodically** — all salary research should be updated once a year, but one-off requests may also come in from recruiters when they're hiring for a new role or location.

Pay review process

	Process	Timing
 Promoted employees	<ul style="list-style-type: none"> Automatically match employee salary to fit their new seniority level 	At promotion
 A-players	<ul style="list-style-type: none"> Eligible for individual salary review Increase salary if it's below the market average (based on the salary database for the role) 	Annual
 All employees	<ul style="list-style-type: none"> General salary review to adjust for market conditions Changes only made if there's a significant deviation from the market average for a role (not individual salaries) 	Annual

Ad-hoc pay review requests can be a distraction for managers. Implementing a general, periodic pay review frees up manager time and sets clear expectations for employees. The graphic above explains how the review process may differ depending on employee status.

Only promoted employees and A-players get individual salary reviews. For everyone else, the performance team should conduct a general salary review (of each role, rather than each employee).

These reviews should rarely result in increases, as your salaries should already be based on recent market data. General economic inflation is not a sufficient justification for salary increases.

Example: Promoted employee

Alice, an engineer, has been promoted from Mid to Senior. Her salary is \$100k, significantly below the what she should be paid based on her role and location.

Upon promotion, Alice will receive an automatic increase in salary to \$125k, which is above the market average. Alice is an A-player, so her performance should be rewarded with both a promotion and salary increase to ensure retention.

Example: A-player

Bob, a designer, has been rated as an A-player for the past two quarters. His salary is \$60k, significantly below the market average for his role and location.

Bob's salary should be increased to \$75k to beat the market average for his role. It's always worth it to devote resources towards retaining A-players.

Example: General review

Last year, inflation was up 10%. But since the tech downturn reduced pressure on salaries, there was no increase in what your competitors are paying. The exception is data scientists — some companies are paying 15% more to data scientists due to the rising popularity of AI.

There would be no increase in general salaries in this situation, but your data scientists would receive a pay rise to ensure their salaries are still above average. The relevant departmental head should be consulted to help calculate the increase.

About QuantumLight

QuantumLight is a quantitative venture capital firm founded by Nik Storonsky. The firm leverages data and technology to invest in high-potential companies, driven by a team of engineers, data scientists, quant traders, and seasoned company founders. QuantumLight is committed to redefining venture capital through innovation and rigorous analysis. For more information, please visit <https://quantumlightcapital.com/> or follow via LinkedIn.

Revolut People