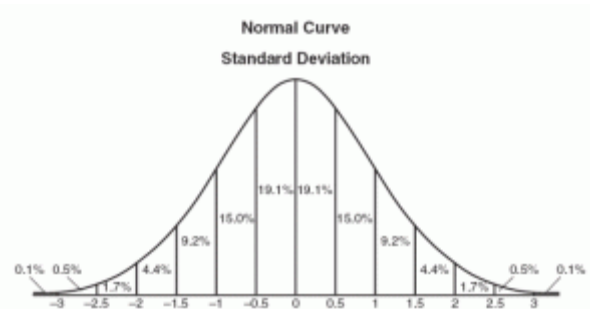


# Stacked Ranking

Stacked ranking is an employee evaluation method that slots a certain percentage of employees into each of several levels of performance.

Because the ranking is inherently somewhat arbitrary, the model is also sometimes referred to as a forced distribution. Such a model might assume a normal distribution,

for example, in which 10% of employees are high achievers, 80% are satisfactory and valuable, and 10% are actually deleterious to the company. When evaluating the staff, administrators assign individuals to those categories in such a way that the percentages assigned to each category remain constant.



One of the best-known stacked ranking systems is former General Electric CEO Jack Welch's *Vitality Curve*, which assigns high-achieving employees, which he called "A players," to the top 20 percent, normally productive employees (B players) to the middle 70 percent level and unproductive employees (C players) to the bottom 10 percent rank. According to Welch, the top employees should be further motivated with bonuses and other rewards and the bottom 10 percent should be fired. GE has since moved away from the practice.

Other companies that use (or did use) stacked ranking include Dow Chemical, Enron, Motorola, IBM and Yahoo. Microsoft followed the stacked ranking model for years but abandoned it in 2013 in response to employee complaints about the system.

Proponents of stacked ranking claim that it motivates mid-range employees to aspire to top-level ranking, increases profits and clearly identifies underperformers. Critics of the model argue that it discourages cooperation, encourages unethical behaviour and hampers staff cohesiveness and morale.

Thirty percent of Fortune 500 companies are said to use stacked ranking for employee evaluation.

This was last updated in November 2013

<https://whatis.techtarget.com/definition/normal-distribution>