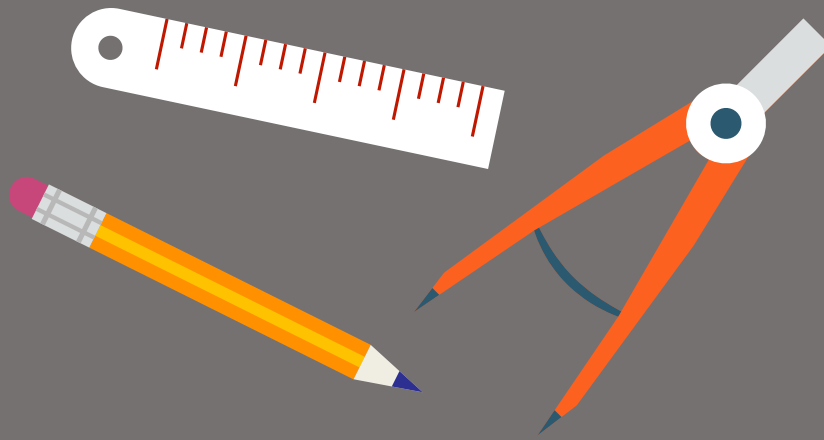


# Performance Improvement Plans

How They  
Work, What You  
Need To Do



PRACTICAL TOOLS

# Performance Improvement Plans

## How They Work, What You Need To Do



Even though it's not written into any statute, juries in employment law cases have pretty much decided that you can't just fire someone the first time they commit any minor infraction of your rules. Everyone deserves a second chance.

Juries in wrongful termination cases will almost always side with an employee who was never told before that something was wrong. You must warn them what they did was wrong, and spell it out that any repeated instance will result in further discipline, up to and including termination. Only then are you legally – and most important, practically – allowed to get rid of someone.

That's why employment law attorneys advise companies to put underperforming employees on a so-called Performance Improvement Plan (PIP) before proceeding to termination.

A PIP spells out where the employee is falling short of expectations and what he or she needs to do to improve his or her performance to acceptable levels. It may include clear direction on how to achieve that goal, and will include a warning that if the same substandard performance continues, further disciplinary action will be taken, up to and including dismissal. The PIP also generally sets out a reasonable time frame in which noticeable improvement has to occur.

The employee signs the PIP acknowledging receipt and an understanding of what needs to happen to stave off termination.

The PIP now serves as the perfect documentation for an eventual termination.

The PIP doesn't need to be very long (though it can be if necessary). It just needs to be clear and set real goals to be accomplished in a set time frame.

It also helps if the manager reviews progress with the employee at regular intervals during the timeframe. That way the employee knows if he or she is making the expected progress. If they aren't, they know what to expect before the final date.

## 2 important pitfalls to avoid

### 1. It has to be more than CYA

At some companies, PIPs have acquired the bad reputation as a simple CYA device for the HR Department. Employees have gotten wise to the fact that no one ever put on a PIP ever passed the test and kept his or her job. It was simply one last piece of paperwork before the employee was booted out the door. The decision to terminate the employee was in fact taken when he or she was given the PIP to sign. Employees and their lawyers can then argue that a PIP is a complete sham. It wasn't really intended to improve performance; it was only given to create the paper trail to justify a termination. To prevent PIPs from getting a bad rap, it's a good idea to use a PIP on those employees who are actually capable of turning around their performance, so you can point to some success stories for the use of the PIP.

### 2. You must be enforcing the same standards for others

If you set objective minimum standards (such as sales quotas, for example) in the PIP as a condition of continued employment, you'd better make sure that all other employees falling below those standards were also terminated. If someone else with the same performance pattern was allowed to keep his or her job, then the terminated employee can argue that he or she was singled out because of some protected class.

# resourcefulmanager

## SAMPLE PERFORMANCE IMPROVEMENT PLAN



**Date:** X-XX-20XX

**To:** (employee name),

**Subject:** Your performance

**ccs:** HR Department, personnel files

**Subject:** Your performance

**From:** (your name as the employee's direct supervisor or manager)

This memorandum will formally notify you that, as we have discussed verbally, your performance in the area of \_\_\_\_\_ has consistently been below minimum company standards as set out in \_\_\_\_\_ (company manuals, work documents, etc.)

As your manager, I believe that you are capable of improving your performance in this area. As we have discussed, you may try \_\_\_\_\_ or \_\_\_\_\_, strategies that have helped some of your colleagues achieve acceptable levels of performance.

You are hereby put on notice, however, that if the desired improvements do not occur by \_\_\_\_\_(date), further disciplinary action will be taken, up to and including termination.

Let me know if there is anything I can do to help you achieve your goals.

I hereby acknowledge receipt:

\_\_\_\_\_

(employee signature, name and date)