

Performance Improvement Plan (PIP)

Step-by-Step Guide

1. STEP ONE: Set up a Performance Improvement Plan

Set up a meeting with the employee

Prior to the meeting:

- Consider whether your expectations of the employee's performance are reasonable.
- Prepare a draft performance improvement plan for addressing the performance issues, this should include relevant training or support that you can put in place.
- Think about a reasonable timeframe to bring the employee's performance up to the desired standard.
- Prepare a letter inviting employee to a meeting.

During the meeting:

- Provide examples of where the employee isn't meeting expectations
- Present your plan for addressing the performance gaps or issues
- Ensure you offer EAP if your organisation has an EAP programme, otherwise direct them to a similar counselling option
- Ask for the employee's feedback on your plan
- Confirm next steps with the employee
- Record outcomes of the meeting.

Finalise Performance Improvement Plan (PIP)

The performance improvement plan will:

- Set out clear, measurable reasonable targets – use SMART objectives – these should link clearly to the employees role and their job description
- Explain or use examples of what the employee needs to do to be at the level required
- Offer the relevant additional support and training (including the offer of counselling, EAP or similar)
- Outline how progress towards the required level of performance will be measured over the review period
- Set out a timeframe for improvement, along with regular meetings to assess progress
- Set a date for a formal review of progress (the review date) and the frequency of meeting throughout the review period
- Advise the employee that if there is no improvement they may receive for example a written warning and/or implementation of further PIP
- The PIP can be changed or added to over time
- Provide an opportunity for the employee to comment and be prepared to make adjustments after receiving the employees input and feedback, however they don't have to agree.

Over the Review Period

The review process is a forward looking process – this is not the time to raise issues from the past. Focus on the areas that you are seeking to improve or correct. Do not raise something from the past that is not in the PIP.

Regular meetings

- The manager must meet regularly with the employee to monitor and assess performance through the whole of the review period. Managers should use each progress meeting, set out in the PIP, to provide the employee with clear and honest feedback against their performance improvement plan. Any issues or concerns must be identified during those meetings, and the employee provided with guidance/assistance to improve as necessary. This ongoing feedback is important.

Clear, honest feedback

- Managers should try to identify when the employee doing things well, in addition to when they are not doing so well. Giving positive feedback helps the employee to see what works and what 'good' looks like.

Documentation

- All regular meetings should be documented on the PIP template. These will form the basis of the formal review meeting, and will support that process if any disciplinary action needs to be taken at the end of the process.
- The review period's length must be reasonable, taking into account the nature of the performance issues, the measures that are to be applied and any relevant personal circumstances (e.g. pre-planned leave).

2. STEP TWO: Invitation to First Formal Review Meeting

Once the review period has finished, the employee's manager will review and assess/measure the employee's performance over the period against the PIP. If the PIP document has been filled in throughout the review period this should be a really easy process.

Use this information to form a **preliminary view** on whether the employee has reached the requirements of the PIP and whether the PIP should be continued.

The assessment, together with the manager's views and comments, should be recorded in the PIP, along with specific examples. Any examples of poor performance should already have been raised with the employee. (This is not the time to raise old issues that are not in the PIP.) The PIP will then be sent to the employee with a covering letter inviting them to consider the manager's assessment and asking them to respond to the manager's preliminary views at a formal review meeting.

The letter inviting the employee to the review meeting should:

- include the manager's preliminary assessment of performance against the PIP objectives
- include any areas of concern and why these are of concern (these will already have been raised)
- request a meeting to hear employees explanation and feedback – with reasonable notice (2-3 working days)
- include: time, date and place for the meeting (may need to be flexible to ensure that employee's representative can attend – although the request should not be unreasonable or extend the meeting too far out)
- advise that the outcome could be a written warning
- ensure you remind them they should consider bring a support person or representative
- attach a draft PIP for step 2 for their comment

Formal Review Meeting

The formal review meeting:

- Manager should be on time for meeting with the employee
- Both parties have an opportunity to discuss issues of concern
- Give positive feedback to reinforce behaviour sought
- Give the employee a chance to respond to the manager's concern/s
- The meeting should be led by a decision-making manager
- Once the employee has been provided with a full opportunity to respond to the manager's preliminary view, the meeting should be adjourned to enable the decision-maker to consider all the information and reach final decisions.
- Final decisions should be given in person where practicable, unless the employee and their representative have indicated that a decision may be delivered in writing, without the need for the meeting to be reconvened.

- Record outcomes of the meeting.

*NOTE: if the manager's preliminary assessment is that the PIP requirements have not been met and that after the meeting the issuing of a written warning may be an option, then it is important that a manager at the meeting has the **authority /delegation** to make a disciplinary decision.*

Confirmation of Outcome

Final decisions must be recorded in writing. Even where the manager meets with the employee to give the employee their decision, there should be a letter given to the employee which confirms the outcome. This is particularly important when the outcome involves disciplinary action.

Possible outcomes of the formal review are:

- No disciplinary action but continuation of PIP
- No disciplinary action and resume normal management
- No disciplinary action and move to an informal performance management process.
- Disciplinary action (a written warning) and continuation of PIP

The decision letter which is a warning letter should:

- refer to the previous PIP, date of implementation and length of relevant review period
- state the support, training and assistance given
- set out the details of the ongoing performance issues
- set out the details of the required level of performance
- refer back to the letter in which the employer advised that a first warning would be issued if performance did not reach the standard needed.
- set out the employee's explanation for not reaching that standard
- advise having taken the feedback/explanation into account then employer has reached the view that it is appropriate to issue a first written warning for not meeting the required performance standard
- advise that a copy of the letter will go on personal file
- advise that PIP is continued for a further period (state if for second/third period)
- say why PIP is continued – what the ongoing issues are that still need to improve
- attach a copy of the finalised PIP setting out the expectations (this may have been amended from the previous PIP)
- clearly identify expectations (this will mirror the PIP)
- say when the next review period will start and finish and how often/when you will meet during this period
- advise that continued unsatisfactory performance may result in a final warning

At any time throughout the PIP and employee may choose to resign. If this occurs follow the resignation process.

3. STEP THREE: PIP 2

*NOTE: If the manager's preliminary assessment is that PIP 2 requirements have not been met and that after the meeting the issuing of a further/final written warning may be an option, then it is important that a manager at the meeting has the **authority/delegation** to make the disciplinary decision.*

If the performance issues continue then follow the same process as for Step Two: Invitation to the First Formal Review Meeting for detailed process steps. The only difference is that the potential consequence of continuing performance issues may be the implementation of a second/final written warning.

Possible outcomes of the formal review of PIP 2 are:

- No disciplinary action but continuation of PIP
- No disciplinary action and resume normal management
- No disciplinary action and move to an informal performance management process
- Disciplinary action (a further written warning or final written warning) and continuation of PIP

Step Three Process overview:

- Letter setting out the concerns
- Have a formal meeting seeking explanation and or comments
- Consider the employee's response
- If it is decided that further disciplinary measures is appropriate, then issue final warning
- Continue with PIP
- Set a new review date
- Advise dismissal may be the outcome if performance issues continues

4. STEP FOUR: Performance improvement Plan 3

*NOTE: If the manager's preliminary assessment is that PIP 2 requirements have not been met and that after the meeting a decision to terminate on notice may be an option, then it is important that a manager at the meeting has the **authority/delegation** to make the disciplinary decision.*

See PIP Step 1 for process steps. The only difference is that the potential consequence of continuing performance issues may be a **decision to terminate employment (on notice)**. Follow the same process.

The letter setting up the meeting should:

- contain the manager's preliminary assessment of performance against the PIP objectives
- identify clearly any areas of ongoing concern and why these are of concern (these will already have been raised) use examples that are 'fresh' and from the most recent review period
- request a meeting to hear employees explanation and feedback
- advise that the outcome could be dismissal
- request meeting to hear employees explanation and feedback – with reasonable notice (2-3 working days)
- include: time, date and place for the meeting (may need to be flexible to ensure that employee's representative can attend – although the request should not be unreasonable or extend the meeting too far out)
- ensure you remind the employee to consider bring a support person or representative

At the formal meeting

- Work through the current PIP review period - raise the positives and negatives
- Talk through the 'fresh' examples (these should have been raised at the progress updates)
- Seek explanation/comments

If performance issues still exist then you should carefully consider the outcome. The options are:

- No disciplinary action and move to an informal performance management process.
- No disciplinary action but continuation of PIP
- Disciplinary action (further or final written warning) and continuation of PIP
- Disciplinary action (terminate employment on notice), if a final warning has already been given.

If you think that termination might now be an option, then:

- Take time to consider response, have an open mind as to the outcome
- Do not have a response/letter of termination already prepared
- Remember that dismissal must be what a fair and reasonable employer could do in the circumstances:
 - Are your expectations reasonable?
 - Has the employee been fully aware of the issues, given the time to improve?
 - Has the agreed support, coaching, information, advice and training been provided?
 - Does the performance issue still exist, is there general agreement or disagreement over whether the PIP requirements have been met?
 - If there is a dispute has a reasonable review occurred? A useful approach might be to have the PIP confidentially reviewed by a peer or someone senior that you trust
 - Has the employee had a genuine opportunity to respond to all of information being considered?
 - Are there mitigating factors to take into account (workplace environment challenges, health issues etc.)?

Preliminary decision meeting

- If performance issues still exist and the explanation was not satisfactory (and you have considered all of the above), you can advise your preliminary decision to dismiss
- Say why you have made your decision
- Invite the employee to respond to your preliminary decision – a genuine opportunity for comments and raise any points in mitigation
- Ensure employee is given opportunity to have their representative present

Meet and give final decision

- Confirm your decision to the employee
- Explain why you have made your decision
- Ensure you give the required notice period – you can make payment in lieu of notice if the employee agrees
- Arrange for final pay and included all outstanding pay entitlements – holiday pay, penal rates and untaken time off in lieu
- Ensure employee is given opportunity to have their representative present

Confirm decision to terminate in writing

You can make your final decision in the preliminary meeting if the employee agrees with you assessment or says they don't have an explanation. However, if they appear stunned by the decision and are unable to respond then end the meeting and agree to reconvene either much later in the day, or the next day, for the employee to give their response to your preliminary decision. Then you can continue with the process after their response. If there is no representative at the preliminary meeting, unless the employee is very clear that they agree with your decision, have a further meeting for them to respond to your preliminary decision.

Common pitfalls

To reduce the risk of a personal grievance, don't fall into these common traps:

- Not providing support or training during a performance management process
- Not giving the employee enough time to improve during a performance management process

- Using information that is not recent enough to demonstrate an employee's ongoing performance issues
- Getting the process wrong —even if there's only a little or no improvement in performance, you need to complete all the steps, in the right order.