



How to Establish a Performance Improvement Plan

A performance improvement plan (PIP), also known as a performance action plan, is a great way to give struggling employees the opportunity to succeed while still holding them accountable for past performance. It is not always clear why an employee has poor performance. Did they not receive appropriate training? Do they not understand the expectations of the job? Are there unforeseen roadblocks in the way? Until you really allow for open dialogue and consistent feedback, you may not have provided an employee the opportunity to be successful.

Step 1: Getting started

The first step in the PIP process is for the supervisor to document the employee's performance areas that need improvement. In documenting the main performance issues, be objective and specific. Provide facts and examples to further clarify the severity or pattern of performance concerns. For examples of detailed documentation, see scenarios 1 and 2 at the end of this guide.

When developing a performance improvement plan, you may wish to use an established format. Below are sample formats that may assist in your documentation and communication.

Step 2: Develop an action plan

Next, the supervisor should establish an action plan for improvement. This action plan should include Specific and Measurable objectives that are Accurate, Relevant and Time-bound (otherwise known as SMART goals).

SMART goal examples:

- *In May, June and July, Employee X must have less than 3% quality errors per month and produce at least 150 units per month.*

During this 90-day performance evaluation, Employee X must have perfect attendance. This means that he must clock in and be ready for work by the start of each scheduled shift, return from all scheduled breaks on time and remain at work for his entire shift.

Consider if the employee may need any additional resources, time, training or coaching in order to meet these objectives. This action plan should help set performance expectations and should include a statement about the consequences for not meeting these objectives.

Step 3: Review the performance improvement plan

Prior to meeting with the employee, the supervisor should seek assistance from their manager or an HR professional to review the PIP. This third party should ensure the documentation is stated clearly and without emotion. The third party can also review the suggested action plan to ensure it is specific, measurable, relevant and attainable within the PIP timeline. (PIP timelines are commonly 60 or 90 days in length.)



Step 4: Meet with the employee

During this meeting, the supervisor must clearly lay out the areas for improvement and plan of action. You may need to modify the action plan slightly after receiving the employee's input and feedback. Make any changes to the plan before the supervisor and employee sign the PIP form.

Step 5: Follow up

The employee and supervisor should establish regular follow-up meetings (weekly, bi-weekly or monthly). These meetings should discuss and document progress toward objectives. But ultimately, it is best when employees are provided the opportunity in follow-up meetings to ask questions and seek guidance or clarification on performance expectations. The supervisor should ensure any potential roadblocks are discussed and that the employee has been provided the necessary tools and training.

Step 6: PIP conclusion

If an employee is unable to improve or refuses to commit to the PIP, or if their performance actually gets worse, then the employer should close the PIP and terminate employment.

When the employee does show some improvement but is unable to achieve some or all of their action plan objectives within the PIP timeline, there are a few options.

- If the employee is trying their hardest but just can't meet one or more objectives, the employer may agree to extend a PIP for a few more weeks or months.
- If the employer determines in retrospect that the objectives were too hard or not completely within the employee's control, the employer may decide to either extend the PIP or end the PIP due to the progress that was observed.
- If the employer determines the employee just isn't a good fit or isn't really trying to improve even after all this effort, the employer should terminate employment.

When the employee has responded positively by meeting the objectives, the employer should formally close the PIP and allow the employee to continue employment. This should be a positive occasion for the employee, but be sure the employee understands that continued good performance is expected. Two scenarios below provide examples of PIP closure situations.

Example 1

Scenario: An employee has perpetual problems with attendance.

Actions:

1. *Documentation of problem or concern:* A pattern of calling in sick on Fridays and Mondays has been observed. Employee has exhausted all available PTO. The employee had five unexcused absences and has been tardy for his shift nine times in the last month. Attached is a list of attendance issues over the past two months by day of the week and hours missed. Employee has received two prior attendance warnings.



2. *Action plan, SMART objectives and consequences:* Employee will arrive at work prior to the start of each work shift and clock in on or before his start time. Employee will promptly return from scheduled break times and work until the end of each shift. This is your final attendance warning; failure to work all scheduled shifts in their entirety during the next 90 days or continued attendance issues beyond this performance improvement plan may result in discipline up to and including immediate termination of employment.

3. *Possible PIP resolution:* Employee was on time for all of his shifts, except for one instance when the employee had already scheduled to come in late due to a student/teacher conference for his daughter. The expectations were too stringent and did not take into account leave time covered under company leave or state leave laws. Since employee otherwise met all expectations, the PIP was determined to be successfully completed. Employee is expected to continue having good attendance, and he is made aware that future attendance issues may result in termination without another warning or PIP.

4. *Alternative ending:* During the first month on a Monday, employee called in five minutes after the start of his shift, stating that his daughter had missed the bus. Employee explained he was going to drive his daughter to the school and would be half an hour late. Employee arrived to work three hours later. Employee is not meeting PIP expectations and should be terminated.

Example 2

Scenario: An employee has quality performance errors.

Actions

1. *Documentation of problem or concern:* Over the past six months employee's monthly quality ratings have been below expectations four times. Departmental quality expectation is less than 3% quality errors per month. Employee has had as high as 15% and 11% quality errors resulting in \$XXXX of additional scrap and rework costs in April and May alone. Attached is a report of the employee's monthly quality ratings over the past year.

2. *Action plan, SMART objectives and consequences:* Employee will attend a quality training session with Lisa in Quality Assurance next Monday from 9 a.m. to 11 a.m., which is to include a review of proper procedures and observation of the hands-on work process at the employee's work station. Employee will be subject to additional quality spot checks from the Quality Assurance team and supervisors during the next three months. We expect quality errors to drop during the first month of this PIP. During the second and third month, regular monthly reports must show that the employee is achieving departmental expectations for quality and quantity of work (3% or less quality errors and at least 150 products per month) without need for unscheduled overtime. Employee is expected to notify her supervisor and or quality assurance **immediately** if she experiences any roadblocks that may affect her ability to meet these goals. An immediate improvement in quality ratings and a sustained ability to meet departmental quality *and* quantity expectations is required for continued employment.

3. *Extending PIP:* Employee was interactive in the training and appreciated all of the advice and coaching from quality assurance and supervisors. Employee exceeded departmental expectations in the first and



last month but had a quality errors rating of 3.2% in the second month, which is just above the departmental expectation. Employee unfortunately was using a new technique taught to her the day before, but didn't realize until too late that this new technique only works with one product model and not all. She did notify her supervisor and quality assurance as soon as she realized her mistake. Due to employee's attitude, hard work and ability to exceed expectations in the other months, an employer may decide to extend the PIP for an additional one or two more months before determining whether to end the PIP successfully or terminate employment due to continued quality errors.

4. PIP Conclusion: Employee successfully met all PIP requirements during PIP extension. Due to the training received and the employee's drive to improve, she has pulled herself out of a poor performance situation and into one where she can see and appreciate her own successes. The employer should formally close the PIP. Employee is expected to continue to perform at or above current department expectations in the future.



Performance: Improvement - Action Plan (PIP #1)

Performance Action Plan

Employee _____

Meeting Date _____

Dept. _____ Supervisor _____

Standard(s) of Performance Reviewed

Productivity Efficiency Teamwork Quality

Attendance Conduct Other (define) _____

Specific example of current performance under review:

Improvement Plan (define what is expected, how it should be accomplished, and in what timeframe)

Agreed upon by: (Employee) _____

(Supervisor) _____ (Date) _____

Periodic Review Notes

Initialed by:

Date Comments

Employee

Supervisor

1.

2.

3.

4.

5.

6.



CHECK ONE:

- Performance Plan satisfactorily completed on ____/____/____
- Corrective Action Required (*attach and submit to Human Resources*)

Failure to meet and sustain improved performance may lead to further disciplinary action, up to and including termination. Corrective action may be taken in conjunction with, during, or after the performance plan.

Reviewed and _____ Date _____
accepted by: _____
Employee Signature

Review _____ Date _____
completed by: _____
Supervisor's Signature

Performance _____
Plan reviewed by: _____
Department Manager Human Resources Manager

This performance plan is not intended to be an employment contract or guarantee of continuing employment.

Original: Employee Personnel File (upon completion)



Instructions For Establishing An Employee Performance Plan

This performance plan may or may not take the place of verbal or written disciplinary action and may or may not be used to supplement a verbal or written corrective action, as appropriate.

1. The Supervisor will review the Performance Standard (s) under consideration for the performance planning meeting and outline in the first section.
2. The Supervisor will review the employee's performance problems relating to the Performance Standard(s) - what is the employee doing wrong. Be objective and note specific examples.
3. The Supervisor will determine what steps the employee needs to take to correct performance problems.
4. The Supervisor will review the Performance Plan with the Department Manager and the Human Resources Manager. Any agreed upon recommendations will be incorporated into the Supervisor's outline.
5. The Supervisor will meet with the employee in a confidential setting and review the Performance Standard(s), the employee's related performance problem(s), and outline the corrective actions. The Supervisor will seek and consider the employee's input to modify the corrective action statements as appropriate. The Supervisor and employee will establish reasonable, mutually agreed upon timelines for improved performance on each expectation. This section of the performance plan will then be completed by the Supervisor.
6. The Supervisor will establish consequences for failure to meet and sustain improved performance if a stepped-approach is appropriate, reserving the Company's right to terminate (see required notation).
7. The Supervisor will obtain the employee's signature and date on the form indicating agreement with the performance plan.
8. Periodic reviews (minimum of one, maximum of six, based on the depth of the performance plan) will be conducted on a regular basis with the employee. The supervisor and employee will initial each progress review.
9. The form will be retained by the Supervisor for the duration of the performance plan . At the end of the performance plan period, the supervisor will determine if the performance plan was satisfactorily completed or if a corrective action notice is required. Upon completion of the plan, the original will be placed in the employee's personnel file.
10. The performance plan is not intended to be an employment contract or guarantee of continuing employment.



Performance: Improvement – Action Plan (PIP #2)

TO:

FROM:

DATE:

SUBJECT: Performance Improvement Plan

[REASON FOR PIP]

During the past month [specify dates if available], it has become increasingly evident to your [team leader or supervisor] and me that you have not been performing your assigned work in accordance with what is expected of a[n] [job title]. On [dates of all counseling and verbal warning sessions], you were counseled about this unacceptable performance. To date, there has not been any significant improvement. Company XYZ values you as an employee, and it is your leadership team's intent to make you fully aware of this situation and to assist you in improving your work performance. However, it is important that you realize the responsibility to improve is yours alone.

You are being placed on a written improvement plan. For the next [30,60, or 90] days, [date, 200__] to [date, 200__], your work will be closely monitored by your leadership team. You must demonstrate immediate improvement in the following areas:

[BODY OF PLAN]

[Identify areas of improvement. Be specific about what needs to be improved. If possible, list objectives with specific deadlines on a separate sheet and attach it to the plan.]

[MONITORING THE PLAN]

[Name the person(s) monitoring the plan] will review your progress on each of the above items requiring improvement every [day or week and time or review]. We trust that in so doing, we can guide you in becoming a contributing employee of Company XYZ.

[OR ELSE]

Improvement must occur immediately and must be maintained. If any portion of this improvement plan is violated at any time during the specified timeframe, disciplinary action to include separation from the company may occur. A decrease in performance after successfully



completing the improvement plan may result in being dismissed from Company XYZ without the issuance of another warning or improvement plan.

[CLOSING]

As always, the Open Door Policy is available for you to discuss any concerns.

Your signature acknowledges this discussion. It does not indicate agreement or disagreement with this plan.

Performance Improvement Plan Your signature acknowledges this discussion. It does not indicate agreement or disagreement with this plan. Performance Improvement Plan Your signature acknowledges this discussion. It does not indicate agreement or disagreement with this plan.

Employee Signature

Date

Leader Signature

Date

Witness Signature

Date



TIPS FOR WRITING OBJECTIVES

Define specific performance objectives that need to be met. Objectives should be specific, measurable, achievable, relevant, and time oriented. The recommended format for writing an objective is:

TO:	(Action to be taken)
SO THAT:	(Desired results)
BY:	(MM/DD/YY)
STANDARD:	(Measurement of results)