



# Understanding and Implementing Performance Improvement Plans (PIPs)

A **Performance Improvement Plan (PIP)** is a formal tool designed to identify an employee's performance deficiencies and provide a structured pathway for improvement within their role. It's a proactive approach to address underperformance and foster professional growth. Before putting a PIP in place, make sure your Employee Handbook, Job Description, and Performance Evaluations all align with and support its use.

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## What is a PIP?

A PIP typically outlines:

- **Performance Issues:** Clearly states the employee's specific performance problems, such as productivity gaps, skills deficiencies, or behavioral concerns.
- **Goals and Deadlines:** Details a list of measurable goals for the employee to achieve within a set timeframe, commonly 30, 60, or 90 days.

**Purpose:** PIPs aim to help employees overcome failures and achieve outcomes like overall improved performance, addressing skills gaps, or resolving behavioral issues. While the primary goal is improvement, failure to meet PIP goals within the specified timelines can lead to termination or other disciplinary actions. PIPs are generally used for underperforming employees but can also serve as actionable benchmarks for those seeking promotion.

## Benefits of Implementing PIPs

Implementing PIPs offers advantages for both your business and its employees:

- **Positive Company Culture:** PIPs demonstrate a commitment to employee development, fostering a supportive workplace culture that values employees and helps them address weaknesses.
  - **Professional Growth:** By addressing skill gaps and providing a clear path for improvement, PIPs enable employees to grow in their roles, make more valuable contributions, and build a more talented workforce.
  - **Reduced Turnover:** Rather than terminating underperforming employees who possess other valuable traits, PIPs offer an opportunity to address specific issues, thereby retaining talent and saving time and resources associated with hiring and onboarding new staff.
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## When Is It Time to Administer a PIP?

PIPs usually follow a series of verbal and documented communications regarding employee performance issues, often addressing quantifiable performance standards. Consider initiating a PIP if you answer "yes" to the following questions:

- **Does the employee have habitual performance problems?** PIPs are not for one-time mistakes. If a supervisor has already had documented conversations and the issue persists, a PIP may be warranted.
- **Can the issues be corrected with an action plan?** PIPs are effective for addressing issues like work quality, meeting goals, and completing work on time.

- **Have you made all reasonable accommodations to help get the employee on track?**  
Before a PIP, ensure that performance issues aren't due to a lack of training or other external factors. If you've provided necessary resources and the problem continues, a PIP can be a valuable next step.
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## Key Elements of a Performance Improvement Plan

When drafting a PIP, ensure you include these crucial elements:

1. **Describe Why the PIP is Needed:** Clearly state the organization's performance expectations and explain how the employee's current underperformance impacts the business.
2. **Identify the Problem(s):** List specific performance issues, providing concrete examples and evidence to support your statements.
3. **Create Measurable Objectives:** Explain how the employee should correct their performance. Include any resources the employer will provide, such as training, mentoring, or regular meetings with their supervisor. These objectives should be specific, measurable, achievable, relevant, and time-bound (SMART).
4. **Come Up with a Schedule:** Establish a clear timeline and deadline by which these issues should be corrected. Common durations are 30, 60, or 90 days.
5. **State the Consequences:** Clearly outline the potential consequences and disciplinary actions for failing to meet the PIP's expectations within the specified timeframe.

### ***Important Note***

***This checklist offers a foundational guideline for developing your firm's termination policies. Remember to customize it to fit your specific needs and situation.***