What to do about underperforming employees

Being a manager can be a highly rewarding experience, but there are also times when tough conversations need to be had. If you notice a dip in an employee's performance, it's important to address it promptly before the issue negatively affects the rest of the team or your customers.

Signs of underperformance to look out for include frequent mistakes or sloppy work, decreased output, failing to meet set performance objectives, poor customer service scores, or lowered work ethic. Learn how to properly address these issues as they arise and properly handle underperforming employees.

Understand the causes of poor performance

Before you start giving warnings to underperforming employees or engaging in coaching, it is important to understand some of the common underlying causes of poor performance. Getting to the root cause of performance issues can help managers understand how to solve them effectively.

Employee disengagement

It can help to take a big picture look at the company-wide or team performance data before addressing individual issues. If a newer hire or a single employee is underperforming, there is an issue that needs to be addressed with that employee. If several long-term employees are displaying a decrease in productivity or performance, there is probably a larger issue at play. In most cases, that issue is employee disengagement.

A large number of factors can contribute to employee disengagement, such as a lack of recognition or communication, changes in management at the company, or an increase in work-related stress. If something has changed within the company or team, you may notice that several employees are underperforming. Some specific examples of things that could trigger this include a change in management, layoffs within the company, or the introduction of new company policies (including forcing employees to go back to the office).

Differences in expectations

Sometimes employees are labeled as underperformers due to a lack of clarity around performance expectations. Some of this can stem from a lack of communication around performance. If employers only address employee performance during annual performance reviews, employees often just assume that they are meeting expectations in the interim as no issues are being brought to their attention.

Right now, many employers are concerned about "quiet quitting", the trend of employees meeting the basic expectations and responsibilities laid out in their job descriptions rather than going above and beyond. To management, these employees may appear to be underperforming by not exceeding expectations or readily accepting tasks outside of their normal job duties. However, the employees generally view it as meeting expectations rather than underperforming as they are technically doing what they signed up to do in their roles. In such scenarios, it is generally better to look for opportunities to motivate them through more interesting work, additional compensation for the extra duties you'd like them to take on, or advancement opportunities rather than treating them as underperformers.

Burnout

The World Health Organization, defines burnout as a syndrome resulting from workplace stress that has not been successfully managed. It is characterized by feelings of exhaustion or lowered energy, feelings of negativism or cynicism related to the employee's job, and reduced professional efficacy.

Employees that are experiencing burnout often experience a noticeable dip in job performance. This underperformance should still be addressed by management, but the performance improvement planning for employees experiencing burnout should emphasize how management and the employee can work together to get them out of the state of burnout. This may require reorganizing their job duties so that there is less on their plate, scheduling time off, working on time management and organizational tools to make the workload more manageable, or improving communication around workloads and work stress.

Personal issues

Sometimes employees truly want to do their best but simply can't due to issues going on in their personal lives. When this happens, try to approach the situation with empathy. If an employee has a stellar track record, give them some leniency while they deal with personal issues. Have an open conversation with the employee and look for ways to support them with their work while they are dealing with personal struggles such as family issues, health concerns, or other difficulties.

It's also a good idea to loop in human resources for these types of concerns. They are often more knowledgeable than department managers or business owners on the specific resources available. If the employee or a member of their immediate family is experiencing health problems, they may qualify for FMLA leave if needed. Employees and front-line managers are often unaware of the specific ADA accommodations available for employees dealing with health issues. HR can also recommend relevant employee benefits, EAP services, or leave types as needed. The human resources team is a great resource for navigating different personal challenges that employees may be facing.

Communicate performance concerns

One of the biggest mistakes that managers make is not communicating performance concerns in a timely manner. If you notice a drop in an employee's performance such as lower productivity or increased absenteeism, address it promptly. This doesn't mean that you need to take immediate action through a write-up or formal warning, but you should have a conversation with the employee to identify why this may be occurring and how you can help correct the issue. Ask the employee about any additional support that they need and any potential causes of the drop in performance. Then, brainstorm with them on how to address these issues.

Create an employee performance improvement plan

If less formal measures don't have an impact, consider implementing a performance improvement plan. A performance improvement plan is an action plan that details how an employee can improve their work performance and avoid disciplinary actions including termination. A well-designed performance improvement plan can turn things around and get them back to where they need to be in terms of work output and performance. Here's how to build a performance improvement plan and manage the process.

1. Let the employee know about the performance improvement plan

The first step in the performance improvement plan (PIP) process is to meet with the employee and let them know that they will be put on a performance improvement plan. You should be prepared to explain what a PIP is, the potential outcomes of the plan, and why the plan is being put into place.

Hopefully, you've already provided the employee with warnings or had previous discussions concerning performance issues so that the introduction of a performance improvement plan does not come as a shock. Also, allow the employee to ask questions about the performance improvement plan process.

2. Work together to build a list of measurable and achievable goals

While performance improvement plans are generally not optional, they should be somewhat collaborative for the best results. Try to involve the employee in the goal-setting process by working together to create a set of S.M.A.R.T. goals that they will work to achieve.

S.M.A.R.T. goals are meant to be:

- Specific
- Measurable
- Achievable
- Relevant
- Timely

You can find a helpful template for creating S.M.A.R.T. goals here. The goals should be tailored to each employee's job duties and the tasks that they are struggling with.

If HR or a higher-level manager is creating the plan, the employee's direct supervisor should also be involved. The goals themselves are largely determined by management before meeting with the employee, but the employee should still be allowed some input. If the employee does not feel that the goals are realistic and achievable within the set timeframe, try to be open to discussion. It can help to break larger goals into smaller subtasks to make it easier to track progress.

3. Identify the necessary training or resources

Ask the employee what support, training, or assistance they need from the company or their manager in order to reach their goals. Sometimes employee underperformance can result from disorganized or inadequate training during the onboarding phase and the employee made need additional training on a task or process. Some employees also underperform due to difficulties in managing their time or prioritizing tasks in which case they may benefit from a more hands-on management style with more frequent meetings or check-ins to organize and prioritize their workload. Identify any training gaps or necessary resources and include them in the plan.

Since employees aren't always aware of what resources are available, HR or management should also offer some suggestions on potential support that can be provided. Try to tailor these training opportunities or support options to the employee's learning and work styles and allow them to provide input on which would be most helpful.

4. Conduct regular check-ins throughout the plan period

Schedule regular check-ins throughout the performance improvement plan time period. These can be one-on-one meetings between the employee and supervisor or may include HR. The check-ins allow the employee and manager to discuss progress on the PIP, any roadblocks the employee has encountered, and any additional training or support that they may not have thought to ask for during the initial meeting.

5. Review the results at the end of the improvement period

Once the designated time period is over, it's time to have a meeting to review the outcome of the employee improvement plan. Like any performance review or check-in, it should be a two-way conversation. The manager or HR team member should explain whether the employee met the objectives satisfactorily, but they should also ask for feedback from the employee about the process and how they are feeling in terms of their own improvement.

If they achieved the set goals, then they have passed and should no longer be on any type of probation or extra supervision. If they did not achieve their goals, you'll need to decide what action to take.

What to do if the employee doesn't improve

Sometimes even after having some tough performance conversations and building a performance improvement plan an employee still does not make adequate progress. When this happens there are a couple of options that employers can take.

Terminate the employee

Often, the result of a failed performance improvement plan is termination. A performance improvement plan is often not the first action taken for underperformance. If the employee has documented performance issues with poor performance reviews or prior written warnings, a failed improvement plan typically means termination.

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Extend the performance improvement plan

Employee performance improvement plans typically have a set deadline or end date by which the improvement goals should be achieved. If an employee has made some progress, but not quite enough to successfully complete the program, consider extending it. This makes the most sense in situations where the employee showed increased levels of improvement towards the end of the plan. If they appear to be picking up the pace and getting closer to the desired level of productivity or performance, you can give them a little bit more time to prove themselves.

Move the employee into a different position

Sometimes a demotion or job transfer can act as an alternative to termination. One scenario where this fits well is for employees that started underperforming after they received a promotion or internal transfer. Sometimes an employee performs well in one role but isn't quite ready for the next step up the ladder. If there is a lower-level position or a position similar to their previous role available, you can offer it to them as an alternative to termination.

Another scenario where this approach may work is if an employee excels in one area of their work but struggles in another. For example, you may have a sales team member that displays excellent communication skills, strong relationship-building abilities, and takes excellent detailed CRM notes about interactions with prospects but underperforms on their sales numbers. You don't want a sales employee that can't close sales, but their strong interpersonal skills may make them a good match for another role such as customer service.

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