

Performance Improvement Plans (PIPs)? Why employers may offer you a more dignified exit

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If your performance at work is not up to scratch, before you know it, you may find yourself on a formal Performance Improvement Plan (PIP). This is a common first step necessary before an employer can properly dismiss you for capability reasons. So, what should you do if you are on the receiving end of a PIP?

Unfortunately, most PIP's will ultimately lead to your dismissal. By the time your employer has invoked the formal stage of a PIP, trust and confidence in your work has already largely dissipated. You will be given strict targets of improvement within a limited timescale (usually over a period of a few months) and it is fair to say most employees under PIP's find such targets unreasonable or unattainable. Some will rise to the challenge, but the added pressure of being under a PIP, as well as carrying out your day to day work is often difficult to endure. And so there becomes an unwritten and often unacknowledged acceptance on both sides that the relationship is not going to last for long.

Many employees who follow the PIP route nevertheless do want to retain their jobs. However, there must be the concern that if their performance does not improve in the employers eyes, they could end up having their employment terminated for capability reasons. This will in turn affect their ability to secure new employment, especially as many employers have a policy of stating on job references that the employee has been dismissed for poor performance. In some industries, such as banking, this can spell career disaster.

So, are there any alternatives? Well, yes, although not in every case. Most PIP's will take a minimum of 2 months and sometimes more to properly complete. You may have improved your work, but perhaps not enough to have the PIP removed completely. Even if you fully improve, the damage in employment relations is not capable of being salvaged on both sides. Many employers in these circumstances would be prepared to entertain at least the possibility of dispensing with the PIP and agreeing mutual terms of departure. This would enable you to leave with your head held high and a clean reference. The PIP, which would otherwise come into force never happens and there is no loss of face from either side.

There are many circumstances where I have negotiated a dignified exit on behalf of an employee who is faced with a PIP which has resulted in a better position for that employee than the likely alternative. To walk away with a lump sum and unblemished reference is a positive salvation. After all, employers would have to maintain the employee's salary during the PIP, which is potentially wasted money. They would also have to pay notice should the employee fail the PIP. It is for this reason that there is a certain commercial attractiveness for employers to consider a settlement just before the formal PIP is invoked.

This is not always an easy decision for an employee to make as there is a balancing act to be decided. What if they were able to improve their work? What if the reasons for the PIP are not accepted in the first place justifying withdrawal of the PIP? Of course, the remedies you have to appeal the PIP and lodge a grievance are available and should be used where there is obvious abuse of the PIP process by an employer rather than the employee simply capitulating.

As always, early professional advice should be sought as there are many tactical considerations to think about.

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