

Effective Employee Discipline & Termination

The way you handle employee discipline can impact everything from productivity and profitability, to workplace morale, to employee turnover and litigation. This short guide can help you turn the issue of employee discipline from an uncomfortable business process into an advantage for your organization.

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The greatest challenge in human resources

With every employee, you hope that their tenure at your business is highly successful and long-lasting. However, there may be times when you need to address certain negative employee issues. While these interactions can be intimidating and discouraging, the way you handle employee discipline can impact almost everything within your organization—from productivity, profitability and employee morale, to personnel turnover and litigation.

The concept of progressive discipline

If you observe an employee struggling with a behavioral issue such as chronic absenteeism, or a performance issue like an inability to achieve specific goals, you may want to consider engaging progressive discipline.

Progressive discipline generally involves a series of progressive steps to resolve the problem:

- Verbal warning
- Written warning
- Final written warning and/or suspension
- Lastly, if necessary, termination

These steps are designed to alter an employee's behavior and improve their performance through specific feedback or additional training. It is best to take action as soon as you become aware of an issue, or when company policies have been violated. The rest of your workforce, and potentially your customers may be at stake if you don't take action.

Progressive discipline techniques can also help you create an important paper trail of documentation, which is critical if an employee files a wrongful termination or discrimination claim. This documentation is also useful if your company wants to defend a claim for unemployment benefits.

Sometimes, it is simply awareness of the problem that helps employees make the improvements they need to be successful within your organization. Progressive discipline is designed to create improved behavior and performance, and to enable both the employer and the employee to get the most out of their business relationship.

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The tough part of progressive discipline

There may be times when an employee's behavior or performance issues do not improve. They may even worsen to the point where termination is necessary. If this becomes the case, supervisors and managers need to know how to manage the disruption to the company as a whole as well as to the specific employee. The way you notify an employee of their termination may impact their decision to sue your organization for wrongful termination.

When terminating an employee make sure that you:

- Have detailed and accurate documentation regarding the reasons for termination
- Minimize the pain for the exiting employee by making the process clear and professional
- Minimize the disturbance in the workplace by accurately
- communicating what happened in a professional manner

You will also need to:

- Request the return of company property
- Prepare the employee's final paycheck and separation letter/notice, as required by state law
- Address the termination of benefits
- Provide information about the continuation of health insurance, if applicable

It's never easy

Whether employees leave voluntarily, lose their jobs through no fault of their own, or are terminated for cause, the separation process can be difficult.

Keep in mind this is a normal part of business, and the way you handle it is a mark of your professionalism.

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Behavioral issues versus performance issues

Progressive discipline techniques can greatly assist in helping employees conquer both behavioral and performance issues. Here is a short description of both:

Behavioral Issues

Chronic lateness and absenteeism are both examples of behavior issues that progressive discipline can address. Often times these are problems the employee can correct on their own with minimal guidance from their supervisor. It is a good idea to consult with legal counsel or an HR specialist to discuss the implications of the Americans with Disabilities Act or similar state laws in these situations.

Performance Issues

Missing deadlines or a consistent inability to achieve stated goals are examples of performance issues. These may require more in-depth examination and assistance to help the employee correct them. Employers need to consider factors such as whether the employee has been properly trained on their responsibilities, if they fully understand their job duties, or if they are encountering some obstacle that negatively impacts their performance.

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Creating a paper trail during the progressive discipline process

As you manage the progressive discipline process, it is important to document all developments and interactions. This helps the manager and employee agree on what the problem is as well as the actions needed to correct it.

In the long run, should you decide to terminate an employee, this documentation shows that the employee received an opportunity to improve their behavior or improve their performance, but that ultimately the goals weren't met. The paper trail can also offer some protection in the event the employee files a claim of discrimination or wrongful termination.

The combination of an explanatory meeting and the presentation of the written warning provides the employee with a clear understanding of what they need to do and what is expected of them. Normally the employee is asked to sign a form, acknowledging that the meeting has occurred, the warning letter has been received and that they agree to the action plan to remedy the situation.

The written warning is also supported by a clear definition of company policies and procedures, along with expectations of employee behavior within the pages of the employee handbook. That's why it is always a good idea to communicate your policies in an employee handbook. Have employees (managers too) review the handbook and acknowledge in writing that they understand what they've read. A comprehensive employee handbook also often includes standards of conduct along with a non-inclusive list of examples of behaviors or infractions that may result in

Developing a written warning

If a written warning is needed in the progressive discipline process, the following list offers important elements to consider when crafting your warning document:

- ☐ Description of the policy violation(s) or behavior issue(s)
- ☐ When the violation(s) occurred
- ☐ Explanation of expected changes the employee is to make
- ☐ A plan and the timeline for improvement
- ☐ Any comments the employee wishes to include for the record

Notification that if the problem continues, further disciplinary action (including possible termination) may take place

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What if the employee's problem persists?

In this case, the manager may consider a suspension or even issue a final written warning that notifies the employee that if they fail to correct the negative behavior immediately or meet the stated level of performance in a specific time period, it will result in termination of employment. It is wise to consult with legal counsel or a human resources expert prior to issuing a final written warning or terminating employment to examine the organization's potential exposure to litigation.

Communication plays a vital role

At some point in the employment life cycle of each employee, there may be a need for communication with a supervisor to address the negative behavior or performance of an employee, even if this represents just a small course correction. How supervisors and managers handle the issue of employee discipline can have a critical impact on improvements of the employee's performance, and the overall morale of the team.

The mindset of the manager

Some of the key roles of a manager are to supervise their employees and create the environment to help them be their best. Managers must ensure their employees' skill sets are well-developed and suited to their job tasks. The best managers establish an open line of communication to assist employees in building their success. They offer frequent and objective feedback so employees know where they stand, including if they are falling short of expectations. Effective managers use a partnering approach that focuses on the positive, to create more effective and long-lasting behavioral improvements and performance upgrades.

Solving the issue together

HR managers and employees work best when they are teammates and when they remember they all have their own lives and influences that affect their performance. Addressing a performance issue presents

an opportunity for everyone in the meeting to find ways to improve processes, relationships, and overall performance. Evaluation meetings can create a breakthrough for all parties and make huge strides towards improving workflow. A humanist, cooperative approach, based in mutual respect and understanding offers ways for the employee to get better as an individual professional, and the company to get better as a whole.

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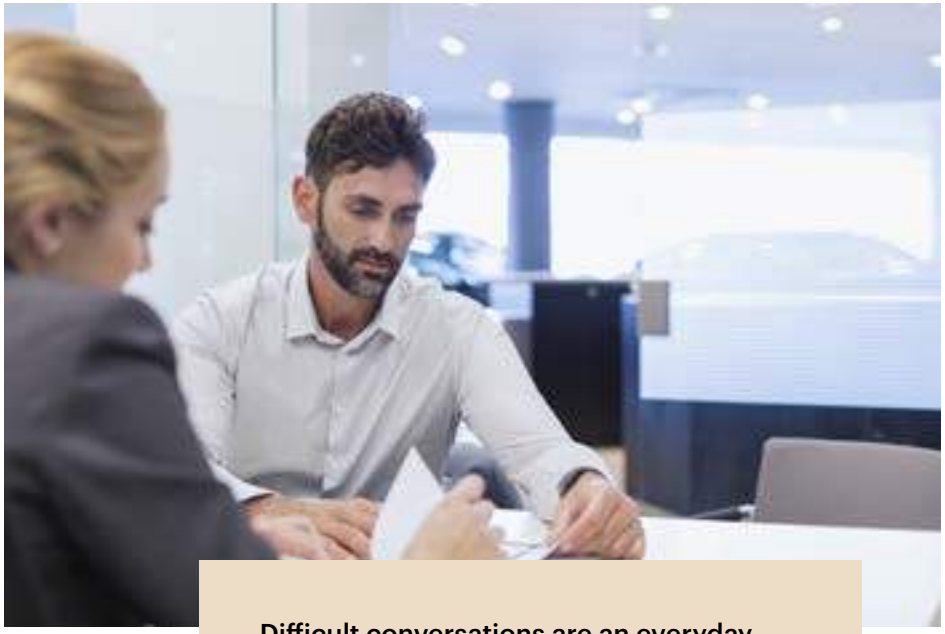
Solving the issue together:

A system for documenting conversations

There are times that a difficult conversation resolves the issue with the employee. In other cases, it is simply a step in the process that leads to an employee termination. That's why it is very important to have a clear and actionable policy on how to document giving and receiving feedback and disciplinary conversations.

Do you record the information and store it in the employee's file? Do you share it with your company's executives and legal department? It is always a good idea to consult with an employment attorney or human resources expert to better understand which conversations should be recorded and in what form. This information can be critical to document and legally justify the decision to terminate the employee.

Terminating an employee is never easy. But when such actions become necessary, following a specific checklist can help you remain consistent, focused and following best practices. Before terminating an employee, it is a good idea to consult with legal counsel to potentially limit your exposure to litigation and make sure you are in compliance with applicable federal, state, and local laws.



Difficult conversations are an everyday part of managing people. Understanding how to stay on message, and appropriately document your toughest conversations helps ensure that you stay focused and accomplish your objectives.

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The following guidelines can be useful when preparing for an employee's termination.

1. Contact your IT department

An increasingly important step is to notify your IT department or network administrator. Coordinate with them to set a specific date and time to cancel that employee's access to company computer and telephone systems. Ask the employee to relinquish their passwords and any other information that involves accessing company records and telephone messages, both on-site and remotely. Also request that the employee's building entry security code or access card be disabled, and if applicable, their parking pass disabled or returned.

2. Carefully document the process

Create a record of the effective date of termination into the employee's file. Include all the information surrounding the reason for their termination, with supporting details such as the results of previous performance reviews, warnings, and disciplinary actions. After termination, give the employee an official termination letter. The letter should include the date of termination and clearly outline the status of their benefits.

3. Reclaim company property

Upon termination, the employee should relinquish all company-issued property, including laptops, tablets, cell phones, ID badges, parking passes and keys, as well as any company documents in their possession. If these items are kept at the employee's home, schedule a time to retrieve them.

4. Schedule a time to collect personal items

Some businesses prefer to have employees pick up personal items immediately following notice of termination. Others opt for an after-hours time for them to gather their personal belongings under supervision.

5. Discuss benefits

In situations where the employee is enrolled in a company- sponsored group health insurance program, they may be entitled to continued health insurance coverage in compliance with the Consolidated Omnibus Budget Reconciliation Act (COBRA) or a similar state law. It's also customary to give departing employees a benefits status letter outlining any relevant information regarding the company's life insurance and retirement plan programs where applicable. Employers in some states are also legally obligated to provide terminated employees with a notice explaining how they can claim unemployment benefits.

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The following guidelines can be useful when preparing for an employee's termination.

6. Make sure their final paycheck is complete

If your company owes any money for unpaid expenses, commissions, or bonuses, this amount should be included in the employee's final paycheck. Terminated employees may also be entitled to payment for accrued- but-unused vacation, personal or sick time. Review your state laws for the requirements regarding the issue of final paychecks.

7. Ask for current contact information

It may be necessary to correspond with a former employee in the future (for example, to send a Form W-2 at the year's end). Upon termination, make sure you have updated contact information and ask themto alert you if their residence changes in the near-term.

8. Alert Staff and Customers to the Employee's Departure

In cases where the employee has worked closely with certain staff or customers, let them know this individual has left the company. Reassure staff and customers that business will continue as normal during the transition period. Inform all involved who will take over the previous employee's responsibilities. Ultimately it is best to remain quiet about the reason behind the termination.



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What is employee turnover?

Employee turnover is the rate at which employees join or leave a company over the course of a given year. Some terminations are involuntary, such as layoffs and termination for poor performance. Others are voluntary, when employees choose to leave an organization.

Some reasons for employee turnover may include unmet expectations, disagreement with management styles, a lack of work-life balance, or to seek better compensation and benefits. Regardless of the reason, it's important to acknowledge that turnover impacts your business operations and your bottom line.

Certain positions can be difficult to fill, and recruiting can be expensive. Moreover, investments made in that employee are lost when they leave.

The direct costs of terminating an employee

Terminating an employee represents real, hard costs that impact your business' bottom line. Among these costs are complying with COBRA requirements and paying out any separation benefits such as severance, or accrued time off. Subsequently, your business is faced with the challenge of filling the vacancy, and this can mean absorbing the costs of temporary employees or paying overtime to existing staff to cover the gap.

Recruiting a replacement can be an expensive process, including placing job advertisements, using recruiters, or placement agency fees. There are also related staff costs for the time spent interviewing, and in some cases paying for candidate expenses to travel for interviews. Finally, there are training costs associated with getting new employees up to speed, from internal training classes to off-site educational seminars.

The indirect costs of terminating an employee

Indirect costs of termination are harder to quantify but ultimately may be equally or more difficult on your business. Excessive turnover can cause employee morale to drop and have a significant impact on the overall company culture. Productivity setbacks and the potential impact on quality and customer service are costly as well. Losing key employees can damage relationships with clients, hurt your industry reputation, and confuse the overall positioning of your business. Depending on the employee, there may be a cost of future innovation and acquiring new clients as well.

Understanding the costs of terminating an employee

Terminating an employee is never an easy decision. But when poor performance is having a negative impact on your business, it may be the only choice. Businesses are also faced with the realities of employee resignations. Employees leave for a wide range of reasons, from upward mobility, to family concerns, to dissatisfaction with their role or manager.

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About Paychex

Paychex, Inc. (NASDAQ: PAYX) is a leading provider of integrated human capital management solutions for payroll, benefits, human resources, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers small- and medium-sized business owners to focus on the growth and management of their business. Backed by more than 45 years of industry expertise, Paychex serves over 650,000 payroll clients as of May 31, 2018, across more than 100 locations in the U.S. and Europe, and pays one out of every 12 American private sector employees. Learn more about Paychex by visiting www.paychex.com, and stay connected on Twitter and LinkedIn.

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Put your business in control

All businesses have employee ebb and flow. When you take firm control of the discipline and termination function, you can help maintain stability in your workforce and increase morale and productivity. When you focus on minimizing employee turnover, improve your hiring processes and clearly define employee roles and management policies, you are working to build your bottom line.

You don't have to solve this important challenge alone. Paychex HR Solutions offers you access to an experienced human resources professional, helping your business address critical HR functions. Learn more about how Paychex HR Solutions can help you conquer the important issues of employee discipline and termination, as well as employee turnover.

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