Managing Performance: A Practical Guide for Implementing Best Practices

Ontario Network of Employment Skills Training Projects (ONESTEP)
Table of Contents

Introduction................................................................................................................................
Performance Management ......................................................................................................
Planning and Conducting a Performance Review ............................................................
Progressive Discipline............................................................................................................
Termination ............................................................................................................................
Sources ....................................................................................................................................

Acknowledgements

ONESTEP would like to thank Susan Vincent, Human Resources Consultant, for contributing to the content of this guide.
Introduction

Strong performance management practices are critical to the success of almost any organization. When it is effective, performance management drives positive operational outcomes by encouraging the desired attitudes, behaviours and results in employees. However, performance management is one of the key areas where organizations usually struggle because of the challenge of maintaining an ongoing commitment and putting forward a continuous effort in applying fair, objective and consistent processes that measure and evaluate employee performance over time.

This Guide aims to provide not-for-profit agencies in the community-based employment and training sector with a practical approach for implementing performance management best practices in their organization.
Performance Management

What Is Performance Management?

Performance management is usually wrongly interpreted as the “annual performance appraisal”. However, it is actually much more and needs to be considered as a system that affects employee performance, starting from the top level of the organization and cascading down throughout the organization to departments, teams/groups, programs, services, processes, policies and finally clients.

Goals of Performance Management:

The goals for adopting a strong performance management system include:

a. Improving organizational performance by promoting: a stronger financial position, enhanced programming, better customer service, greater efficiency, greater focus on desired results, engaged employees, and retaining top performers.

b. Driving continuous improvement by: identifying employee training and professional development needs, promoting accountability, and creating a framework for ongoing support and guidance.

c. Fostering cultural change by empowering managers and motivating employees.

Why Measure Performance?

Performance management allows the organization to clearly identify (and articulate!) its performance objectives and expectations and then put in place a system that measures these expectations. The following table is an example of the cascading organizational drivers that are affected by implementing performance objectives. A comprehensive performance management system involves measuring outcomes across the organization – business units, departments, all the way down to the individual employee level.
<table>
<thead>
<tr>
<th>Organization Driver</th>
<th>What needs to be Defined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision and Mission</td>
<td>What do we want to be?</td>
</tr>
<tr>
<td></td>
<td>How do we achieve it?</td>
</tr>
<tr>
<td>Values</td>
<td>What are our beliefs?</td>
</tr>
<tr>
<td>Competencies</td>
<td>What are we good at?</td>
</tr>
<tr>
<td>Culture (people, practices, climate)</td>
<td>Who are we?</td>
</tr>
<tr>
<td>Internal/External Influences</td>
<td>What is the context in which we work? And how do we know about and respond to changes?</td>
</tr>
<tr>
<td>Organization Strategy (to gain competitive advantage)</td>
<td>How can we use our competencies to succeed?</td>
</tr>
<tr>
<td>Performance Objectives (outcomes/deliverables)</td>
<td>What has to happen for us to succeed?</td>
</tr>
<tr>
<td>Performance Measures</td>
<td>How can we tell how well we did?</td>
</tr>
<tr>
<td></td>
<td>How are we going to give feedback to continually improve?</td>
</tr>
<tr>
<td>Staffing &amp; Development Strategy</td>
<td>What should our HR strategy be? How can we attract, retain and develop employees?</td>
</tr>
</tbody>
</table>

Measurement is important so that the organization can monitor progress towards its objectives. In general, people pay more attention and put more effort into achieving outcomes if they know that they will be measured. Factors known to lead to increased performance include:

- Accurate measures
- Timely feedback
- Effective rewards

To measure performance effectively, organizations need to align, adapt and achieve.

a) Align: Measures that align with the organization’s business plan and opportunities in the sector.
• Timely knowledge of clients and their related needs can ensure that the business strategy is in step with the evolving reality of the external environment and local labour market.
• Measuring all important aspects of the business plan can ensure that it is balanced and not overemphasizing or underemphasizing one area of the organization’s operations/programming at the expense of another.
• Employees learn about the behaviours and outcomes that get rewarded.

b) Evolve and Adapt: Measures that ensure that the organization is effective in an ever-changing internal and external environment.
• Managers continually monitor results and provide employees with consistent and ongoing feedback, so that the employee is able to adjust his/her performance to meet the necessary performance objectives. Deciding on what gets measured, how often and how that is converted to feedback is critical to effective performance management.

c) Achieve: Measures that ensure the attainment of the organization’s objectives and goals.
• Measures that are effectively linked to rewards drive higher levels of performance at the individual level and throughout the organization.
• Strong performance depends on accurate measures, timely feedback and effective rewards.

What Is Measured?

The first step in measuring performance is defining “what performance is or what it looks like” in order for the organization to achieve its business strategy. This typically falls into the categories of operations/financial, programs and client service/satisfaction. The categories that are identified serve as the road map for then defining employee performance.

The goals and objectives that are defined should be both financial and operational, and support the success of employees, the organizational processes and client satisfaction. Financial objectives need to be attained for the organization to survive, but need to be complemented with operational objectives so that processes add value to service delivery. These standards of performance must be:
• relevant and meaningful to the employee
• valid and reliable
• clear and understandable
Another common approach to measuring performance is the “Balanced Scorecard” methodology, which blends measures into four categories of performance success: i) financial, ii) workforce, iii) business processes and iv) customer/client. For example, the manager is responsible for defining the results and behaviours that are expected of each employee. It is best to have these expectations documented with a corresponding job description in order to promote mutual understanding.

Examples of objectives could be:

<table>
<thead>
<tr>
<th>Financial –</th>
<th>Operational –</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>(Be careful that this is not the sole indicator of performance)</em></td>
<td></td>
</tr>
<tr>
<td>Improve results versus budget</td>
<td>Increase productivity</td>
</tr>
<tr>
<td>Reduce expenses</td>
<td>Improve quality of products/services</td>
</tr>
<tr>
<td>Grow client base</td>
<td>Increase organization/employee learning</td>
</tr>
<tr>
<td>Increase product/service revenues</td>
<td>Increase diversity of services for clients</td>
</tr>
<tr>
<td>Improve profits</td>
<td>Improve client satisfaction results</td>
</tr>
<tr>
<td>Increase funding levels</td>
<td>Increase client retention</td>
</tr>
</tbody>
</table>

How Is Performance Measured?

The success of the performance management program is based on carefully identifying the objective criteria that will be measured and then checking the progress of these objectives. Ideally organizations should measure both “what is achieved” and “how it is achieved”.

Generally, there are two (2) categories of measurement – quantitative and qualitative measurements.

1. Quantitative: Precise measures that usually have a numerical value associated with them. These are generally the most objective forms of measurement (direct count, financial figures, percentages, ratios etc.).

2. Qualitative: Measures that require more judgment in evaluating behaviours or activities with a subjective component that relies on observation, perception, interpretation etc. (typically measured with a rating scale, checklist, etc.).
Planning and Conducting a Performance Review

Measuring individual employee performance contributes to an organization’s overall performance management objectives and system. Performance reviews should occur both formally, for example in the form of an annual performance appraisal, and informally in the form of ongoing and/or spontaneous feedback.

Performance Management Objectives:

The objectives of effective performance management include:

a) Retaining top performers and providing incentives to maintain performance
b) Providing meaningful feedback, encouragement and motivation to employees
c) Promoting employee accountability
d) Proactively dealing with poor performers through reinforcement, correcting behaviours and ultimately turning performance around
e) Supporting employees in their professional development

Performance Management Cycle:

The performance management cycle has several phases:

1. **Planning:** This step establishes the goals/objectives of the organization in order to achieve organization success (key drivers important to the organization) and translates these into employee goals. When employees have a clear understanding of the organization’s objectives, they can align their individual performance in the right direction in order to achieve the desired results.

2. **Employee performance:** This step translates the planning into action. The manager provides performance feedback and support to the employee, and the employee performs his/her normal work duties striving to achieve the desired outcomes and results.

3. **Ongoing monitoring, feedback and coaching:** This step involves the manager comparing actual performance to performance objectives and providing the employee with continuous monitoring and feedback through regular one-on-one communication. This is done in a supportive and caring manner with the objective of continually improving results. Through effective coaching, the employee has clear
performance feedback on his/her strengths and areas requiring development. This means that the annual performance review is not a surprise, but rather a summary of the discussions throughout the year.

4. **Formal evaluation review:** This step involves the formal performance review, which is generally conducted on an annual basis; however, some organizations may provide feedback during an interim review, semi-annual or quarterly basis.

Features of this review:

- It is considered a more *formal evaluation* of performance.
- It is an important focus on areas for *development* to address gaps in performance as well as professional goals.
- It is *supported by examples of performance* that reflect the entire period of review that has been documented throughout the performance review period.
- It *supports two-way dialogue* enabling the employee to provide input and feedback. It also allows for comments on the manager’s leadership style, communication and how best to support the employee’s needs.
- It is *documented and recorded* in the employee’s human resources file.
- Its results are also used for *making other human resource decisions* such as compensation, promotions, transfers, training and development etc.

**Performance Documentation: Performance Appraisal Form**

Sound documentation is an important aspect of good performance management practices and supports an organization’s entire performance management system. For example, the performance appraisal form should be designed to fit the individual needs of the organization. Careful consideration should be given to the content, structure and design of the form, as this will impact human resource decisions (salary increases, incentive bonuses, job transfers and promotions, training opportunities etc.).

A typical performance appraisal form may include the following sections:
- **HR information:** Including employee name, department/location, job title, period of the review, type of review (probation, mid-year, annual), date of review, name of the manager completing the review etc.
- **Summary of Accomplishments:** A summary of accomplishments attained during the performance review period, emphasizing both strengths and areas for development.
- **Performance Appraisal Measures:** Areas being measured (results, skills and abilities, goals and objectives). Examples may include job knowledge,
communication skills, interpersonal skills, problem solving, decision making, initiative, teamwork, results orientation, commitment etc.

- Rating Scale: The system for evaluating performance. The most typical is a numerical rating scale (four- or five-level rating scale from “does not meet expectations” through to “exceeds expectations”).
- Summary Score: May include a cumulative score, weighted score or average score for the employee’s overall performance representing all areas of evaluation.
- Objectives: Details of a developmental plan to address areas of development as identified in the performance review and according to the employee’s career goals.
- Comments and Signature: Manager and employee write down their respective comments on the discussion and performance review, as well as their signatures, indicating the date the performance review occurred.

Preparing for the Performance Meeting

Advance planning will facilitate the performance meeting and make it more meaningful – ultimately making both the manager and employee more comfortable and satisfied with the process. The following are guidelines for preparing the documentation, planning for the performance review discussion and conducting the actual face-to-face meeting.

1. Documentation: The Performance Appraisal Form

It is important to take sufficient time to complete the performance review form in a thorough and thoughtful manner. This includes:

- Reviewing all the relevant performance documentation collected during the review period
- Applying the rating scale fairly and objectively
- Providing supporting rationale for ratings with real performance examples
- Ensuring fairness and consistency in applying the tool across all employees in the organization
- Using professional and appropriate language to convey the performance feedback in a constructive and clear manner
- Ensuring the standards used are relevant, meaningful, clear and understandable
2. **Rater Errors**

During the performance review process, as with other times, equity and fairness are paramount. The most common complaint of performance reviews is that ratings are unfairly skewed high or low or only use the middle ratings. Being aware of rating errors and/or biases creates awareness and can help avoid these tendencies.

Rater errors include:

- **Stereotype:** Generalizing everyone in a certain group to have the same performance (either high or low)
- **Subjective:** Evaluating performance subjectively instead of objectively; using information unrelated to the individuals performance to skew rating (e.g. personality, attractiveness, similarities to the rater etc.)
- **First Impressions/Recency:** Evaluating an employee either on first impressions or most recent job performance
- **Halo/Thorn Effect:** Applying one aspect of an employee’s performance over all other aspects of performance (either positive or negative)
- **Central Tendency:** Rating employees, across the board, on the middle of the rating scale and not differentiating performance
- **Limited Information:** Rating without sufficient observations or demonstrated performance
- **Personal Bias:** Rating more favourably based on employee qualities that are similar to the rater or rating more harshly based on qualities that are different
- **Difficulty Communicating:** Rater has difficulty communicating and expressing performance expectations and providing feedback on performance concerns

Planning for the Performance Review Discussion:

The primary goal of the performance review discussion is to support an employee in achieving his/her highest level of performance by creating awareness of their individual strengths and the areas of their performance requiring development. With this goal in mind, the evaluator needs to be aware of their use of words, tone, body language and actions when conveying messages. This can be achieved by having the rater focus their attention on the following:

- Prepare the process to ensure it runs smoothly
- Compare the employee’s performance against job standards and targets set at the beginning of the appraisal period
• Build on what the employee is doing well and give credit for accomplishments; this is the best way to start a meeting
• Review results not achieved or areas needing improvement and share the “why and how”
• Prepare for disagreements; don’t expect all feedback to be received readily with agreement
• Discuss the employee’s development needs and goals through exploring either opportunities for training, new growth experiences or adding new responsibilities
• Close on a positive and supportive note

Promote Two-Way Dialogue:

To facilitate an effective meeting, it is important to promote two-way communication so that the employee also has the opportunity to contribute and respond to performance feedback.

Things “To Do”
• Active listening
• Visibly reacting to feelings
• Paying attention to tone/body language to gain greater insight to the full meaning of what is being said
• Paraphrasing comments to verify understanding of what is being said
• Using clarifying questions
• Keeping the conversation on track
• Remaining calm and not becoming defensive because of what the employee is saying or displaying
• Being open to the feedback and considering a change in the performance assessment based on what is being shared
• Offering assistance in areas of performance development

Things “To Avoid”
• Interrupting or allowing others to interrupt the meeting
• Going off on a tangent
• Daydreaming or losing focus
• Taking comments personally
• Getting defensive
• Overreacting to statements being made
Setting the Meeting:

The following steps will ensure an appropriate environment and setting for the meeting.

- Preparation: In advance of the meeting, the manager reviews all relevant documentation, completes the performance form, and obtains his/her manager’s input or approval as required by the organization’s internal practices.
- Employee Self-Evaluation: In advance of the meeting, the employee is provided with a self-evaluation to complete – or, if this is part of the organization’s practices, prepares a list of accomplishments and identifies areas for self-development.
- Schedule Meeting: Book the meeting with sufficient advance notice for employee preparation and scheduling of work.
- Meeting Room: Use a private meeting room for the meeting. Take steps to ensure that the meeting is not interrupted by oneself or others (e.g. closed door, post notice “meeting in progress”, don’t answer phone, voicemail or email, and turn off mobile devices etc.).
- Confidentiality: Reinforce that the meeting and performance review documentation are confidential and should not be shared with others.
Progressive Discipline

Progressive Discipline:

Performance Management also involves corrective action or discipline with the goal of getting the employee’s performance back to the required standards of performance and/or behaviour. Generally, corrective action is necessary when performance problems continue to persist even after a period of management coaching and performance feedback. Initiating corrective action must comply with applicable policies, collective agreements and authorization levels within the organization. To ensure consistency and compliance with all necessary policies and employment legislation, the Human Resources department (or a Human Resources professional) should be consulted before initiating action.

Strategies to Avoid Initiating Progressive Discipline:

- Ongoing dialogue between the manager and the employee through one-on-one regular weekly meetings is effective to identify and discuss any concerns, so that proactive steps can be initiated early on before they require progressive discipline (before bad behaviour becomes a habit).
- Set out clear and reasonable job expectations and ensure understanding of applicable company policies.
- Ensure regular discussion on expectations and performance; lack of dialogue on expectations is often a root cause of performance concerns.
- Bring unacceptable work, performance or behaviour to the attention of the employee promptly and clearly define the acceptable standards expected.
- Provide ongoing supervision, training and support.
- Maintain thorough and up-to-date record keeping on discussions, coaching and attendance management, so that trends and patterns can be identified and corrected before the performance or behaviour requires progressive discipline. This documentation is a critical source of facts to develop the supporting rationale for initiating progressive discipline.
What Constitutes Need for Progressive Discipline:

Several factors are considered in determining the appropriate level of corrective action, including:

- Seriousness of the concern: Some acts are considered more serious than others.
- Actual or potential effect of the employee’s actions: Consider safety, financial, risk, reputation, impact of violation, level of employee responsibility.
- Performance/prior warnings: Consider the employee’s performance and whether this is a first concern, an isolated situation or a recurrence.
- Impulsive or premeditated acts: Consider how the act arose; if premeditated this may be a more serious offence.
- Provocation: Consider if the action was as a result of being provoked; even if there was evidence of provocation, this doesn’t absolve the employee of responsibility.
- Misunderstanding: Consider if the employee knows and understands the expected standards.
- Work History: Consider the work history, performance and length of service and whether this is an isolated event, the first incident after long service, or an employee with a poor record.

The following represent types of behaviour that could result in progressive discipline or immediate termination; legal counsel should be consulted in making this determination.

- Theft or misappropriation of the company’s property
- Intentional destruction or abuse of company property
- Falsification of records
- Assaulting or endangering others on company property
- Obscene conduct
- Refusal to follow reasonable management directives
- Unacceptable performance standards
- Repeated, unwarranted lateness or absenteeism
- Deliberate violation of company policy
- Sleeping while at work
- Threatening or intimidating others
- Knowingly endangering safety of people or the operation
- Intoxication or impairment due to drugs or possession of illicit drugs
Administration Considerations:

For progressive discipline to be effective, fair and equitable, it needs to adhere to good administration practices including:

- **Prompt**: Minimize the lapse in time between identification of the concern and taking the necessary step to correct it. The closer these are timed, the more effective the action is in correcting the problem. It also prevents the concern from escalating to a more serious problem.
- **Appropriate**: Progressive discipline needs to be appropriate to the concern, ensuring objectivity and considering the previous track record of the employee.
- **Consistent**: The application of progressive discipline should be consistent across an organization and in accordance with the company policies and collective agreement (in the case of a union employee).
- **Defensible**: Complete, defensible and documented facts on all circumstances relating to the progressive discipline to minimize the risk of grievance or dispute.
- **Employee View**: Seek the employee’s response to the allegations in issuing progressive discipline; needs to be obtained to ensure balance and objectivity of the action.

Progressive Discipline Steps:

An organization will typically have several steps in the corrective action process. How an organization moves through these steps depends on the nature of the concern and its severity. In some situations, it is not necessary to follow through all steps of progressive discipline, as the concern may require proceeding directly to termination.

Consultation is generally necessary between the manager/department head/director and Human Resources department before a termination decision is made, or in accordance with the organization’s practices.

Note that all steps taken need to be documented.

The employee needs to be provided with a reasonable period of time to turn the performance around to acceptable standards. The defined timeline is based on the nature of the concern that needs correcting. Correction could be required immediately or could need up to three months (e.g. training and development is needed).
The steps are:

- Collection of pertinent information and facts
- Verbal warning
- Written warning
- Second, third written warnings
- Termination

Facts and Support:

The first step is to collect pertinent facts, documentation and coaching notes to support and verify the accuracy of the concern. This also helps to ensure that the necessary informal coaching effort has taken place, as appropriate, before initiating steps of the progressive discipline process. This may also include the completion of an investigation if this is deemed necessary to have a full and objective understanding of the concern.

Verbal Warning:

When coaching and support to address areas of concern have not resulted in the necessary change in performance and/or behaviour, this step is to provide a formal verbal warning. The discussion needs to be documented. This private discussion includes:

- Define the area of performance concern
- Acknowledge efforts that the manager has taken to raise awareness to correct the employee’s performance concern
- Define the required standard of performance and reference any relevant policies, procedures as applicable and timeline as may be necessary (e.g. immediate, two weeks, one to three months, depending on the nature and severity of the concern)
- Provide the employee with the opportunity to share his/her response and reasoning for the concern being raised
- Remind the employee of the management support, coaching and additional services available (e.g. Employee Assistance Program) to assist the employee in meeting the standards
- Describe the next steps if the required standards are not attained (written warnings up to and including termination)
Written Warning:

When the verbal warning in step #1 has not resulted in the employee achieving the required standards of performance, a written warning is issued. This letter includes the details as outlined above in the verbal warning. This letter should be signed by the manager, and the employee is asked to sign off to acknowledge receipt of the letter and understanding of the required standards.

Additional Second or Third Written Warnings:

If some progress is being made but the employee is not consistently demonstrating the required standard, additional written warning letter(s) may be issued (generally not more than three letters in total).

Termination:

Termination may result from one of the following:

1. After all steps of the corrective action plan, the employee fails to meet acceptable standards of work performance or behaviour; or,
2. The nature of the offence is sufficient to warrant immediate termination (e.g. theft, fraud, criminal conduct, assault etc.).
Termination

Termination:

There is always a beginning and an eventual end to every employment relationship. Since termination is inevitable, and some forms can pose serious legal ramifications, it is advisable to have well-established policies to guide all phases leading up to and including the termination. This means that the employee is aware of the termination processes and the manager has clear guidelines on what is expected in handling a termination in accordance with company policy and applicable laws.

Termination of employment could occur due to: end of contract, temporary lack of work, termination with and without fault/cause, voluntary and involuntary terminations; terminations by resignation, retirement, disability and death. The focus of the subsequent material is on agency-initiated termination.

Goals:

The following are goals to achieve in a termination process:

- Ensure termination is necessary, lawful and within agency policy
- Treat the employee fairly, ethically, equitably and with supporting documentation
- Protect the integrity, security, privacy, confidentiality and professionalism of a termination
- Ensure supporting documentation backs the decision
- Make decisions with proper authorization
- Minimize the risk of unlawful termination charges against the employer

Steps of Termination Decisions:

Through following the goals outlined above, a thoughtful plan can be developed and implemented that reduces the financial, legal and emotional risks associated with termination. These guidelines help to guide development of this plan, so that the termination is conducted in a professional, respectful manner that maintains the employee’s integrity, self-respect and confidence as well as the organization’s reputation internally and externally.
Themes covered:

1. Type of Terminations: Just Cause or Without Just Cause
2. Documentation
3. Authorization to Terminate; Consideration of Alternatives
4. Termination Meeting
5. Termination Letter and Release

Types of Termination:

There are two types of terminations, with just cause and without just cause:

*Just Cause:*

Serious in nature and results in immediate termination. Reasons could include:

- Theft or misappropriation of the company’s property
- Intentional destruction or abuse of company property
- Falsification of records
- Assaulting or endangering others on company property
- Obscene conduct
- Refusal to follow reasonable management directives
- Deliberate violation of company policy
- Threatening or intimidating others
- Knowingly endangering safety of people or the operation
- Intoxication or impairment due to drugs or possession of illicit drugs

Conduct when examined cumulatively warrants termination after progressive discipline has taken place. This includes examples such as:

- Unacceptable performance standards
- Repeated, unwarranted lateness or absenteeism

*Without Just Cause:*

- Reorganization or restructuring
- Downsizing
- Office closure
Documentation:

All termination decisions need to be well supported with documentation on actions taken in good faith to help and support the employee to improve (e.g. to meet the performance and behaviour standards required of his/her employment). To fulfill this requirement effectively, managers need to have good coaching, development and counselling skills to assist the employee in a supportive and productive manner to turn performance around.

Documentation is important to “build the case” for an employee termination and, in turn, protects the organization from exposure to lawsuits or other forms of litigation. Through following the requirements outlined in “progressive discipline”, a manager should have completed the documentation to seek authorization for a termination decision with the appropriate senior management and Human Resources personnel (depending on the organization’s processes).

This documentation is necessary for the decision maker to evaluate the rationale for a termination decision. It includes both “Employee Data” as well as progressive discipline documentation as follows:

1. **Employee Data includes:**
   - Name and address
   - Date of birth
   - Date of hire
   - Current position
   - Salary and annual earnings

2. **Progressive Discipline Documentation:**
   - Interim and annual Performance Reviews
   - Performance warnings (documented verbal and written)
   - Performance notes (both positive and constructive)
   - Attendance records
   - Any other performance-related documentation maintained by the manager or Human Resources
Authorization for Termination and Consideration of Alternatives:

Seeking authorization to terminate an employee involves a consultative process with managers, senior management and Human Resources. This ensures the assumptions and rationale to terminate are validated. This step allows decision makers to consider other potential alternatives so that all contingency plans are explored before making a termination decision.

Alternatives could include:

- Transfer to another manager, department, location etc.
- Demotion
- Extended leaves (paid or unpaid)
- Retraining

Termination Meeting:

Once the decision has been made to terminate an employee, the manager would typically meet with Human Resources or act in accordance with internal processes. The planning for the termination meeting should cover the following matters.

Timing:

Typically the termination meeting is scheduled either at the beginning of the day or the end of the day. It is also scheduled at the earlier part of the week and Fridays are avoided. Days of particular celebration to the employee are also avoided such as birthday, anniversary, vacations and holidays (e.g. Christmas).

Location:

The location for the termination is selected so that the meeting is private and free of distractions or interruptions. This may be the manager’s office, conference room or an off-site meeting room. The room requires a door that can be closed. The employee being terminated should sit facing into the office, rather than facing out so as not to make eye contact with staff passing by. A box of tissues should be accessible in the room, and someone should be appointed to ensure phone calls and drop-in visits are prevented during the meeting.
Inviting the Employee:

Inviting the employee to a meeting needs to be done in a way that doesn’t signal to the employee the nature of the meeting and create unnecessary anxiety and stress. Where the meeting can be arranged in advance, it should be done in as routine a way as possible so that it appears to be “business as usual”.

Meeting Participants:

There is usually a minimum of two individuals present in addition to the employee. For example, the manager is typically accompanied by a Human Resources representative who acts as the witness and may also play a role in reviewing the separation package with the employee. If the employee is covered under a collective agreement, the union steward would also be in attendance.

Termination Messaging:

The actual termination meeting is a short meeting usually lasting no more than 10 minutes to accomplish the following:

- Deliver the message of the termination decision.
- Within the first minute of the meeting, the employee should know his/her employment is being terminated.
- The manager delivers the message and should be as pleasant and professional as possible; avoid small chit-chat but rather get right to the point.
- Message example: “Thank you for joining us today; after a lot of thought and consideration I have had to make a very difficult decision to terminate your employment effective immediately.”
- The reasons can be shared and should be consistent with language in the termination letter (and supported by previous performance warnings or the relevant reason such as reorganization/restructuring etc.).
- To avoid long debate in challenging of the decision, indicate that the decision is final.
- The manager generally defers to the Human Resources representative to walk through the separation package with the employee.
- The employee is always provided with sufficient time to seek legal counsel before signing the separation letter and release.
- Company property needs to be returned, and there may be some items that can be collected in the meeting (e.g. keys, security pass, company credit cards, technology etc.).
• Provide transportation (e.g. taxi chit) if the employee doesn’t feel able to drive or take his/her regular transportation home.

_Leaving Work Premises:_

The method for the departing employee to leave the work premises is guided with sensitivity, ensuring that the terminated employee doesn’t disrupt others or create an environment that is uncomfortable for him/her or other staff. Options include:

• Supervising the employee while packing up personal belonging at his/her desk
• Providing the employee with his/her keys, coat, purse or other immediate personal effects to go home, with the remainder of their belongings to be sent by courier; or the employee may come back after hours to collect the personal items.

_**Note:** If outplacement is being offered, the counsellor would typically speak to the employee after the termination discussion and before the employee leaves the premises._

_Post-Termination Communication:_

The following serves as a checklist of those individuals who need to be informed of the (impending) termination and when. If notification is made in advance, it is critical that the business they are handling isn’t done prematurely so as to alert the employee of the forthcoming termination:

• Payroll: Notification can be made afterwards unless a pay cheque deposit needs to be stopped.
• Security: Notification can usually be made afterwards to cancel security access cards and codes. The employee’s security cards and keys are collected during the termination meeting.
• IT: Notification can usually be made afterwards to cancel access to computers, email, voice mail; agency-owned Blackberries, laptops etc. can be retrieved during the termination meeting.
• Employees: Notification should be shared with staff and colleagues promptly to avoid the information spreading through the rumour mill. The employee’s departure is first shared with the immediate co-workers in the same department or, in the case of a manager, the staff in his/her area of responsibility. The guideline on sharing information is based on honesty, the right to privacy and respect.
Notification to other employees outside of the employee’s immediate area would then follow as well as notification to clients, vendors, customers etc. with details on the new contact within the organization.

The announcement should be prompt, sensitive, brief and neutral on the reasons, and should not disclose the reason or be negative in any way. It should convey best wishes to the employee in his/her future endeavours.

**Termination Letter and Release:**

When an employee is terminated, it is normal and good practice to confirm the termination in writing including offer of settlement and release. These documents are presented at the termination meeting. Terminations with cause do not include a settlement offer; however, it is possible that an organization may proceed with cause and still have a settlement offer that is presented “without prejudice and without admission of liability”.

The key elements in a settlement offer typically include the following components. This would be drafted and finalized in consultation with an employment lawyer.

**Termination Letter – Offer of Settlement:**

Components of the termination letter include provisions on the following areas:

- no admission of liability
- statutory entitlement
- financial offer* (number of weeks/months in either lump sum, salary continuance, working notice or other)
- benefit continuation
- vacation and sick leave days
- bonuses
- repayment of debts
- return of company property
- pension
- outplacement services, if any
- adequate time provided to seek legal counsel before signing the letter and release

*Financial offer: if not stated in the employee’s employment offer letter, this is generally determined on criteria of age, position, length of service, inducements etc.
Release:

This document confirms that a full and final settlement of all issues relating to employment has been reached. In signing this agreement, the employee forgoes his/her right of action or legal proceedings against the employer or representatives in exchange for the financial settlement. The release should be drafted in easy-to-understand language so that the employee understands the rights he/she is giving up by signing the document. This should include reference to human rights complaints, worker’s compensation claims, and further rights under the Employment Standards Act of Ontario, Income Tax Act (Canada), the Canada Pension Act and the Employment Insurance Act etc. This also includes the obligation for confidentiality, to return company property, not to damage the reputation of the organization etc.
Sources

Ultimate HR Manual, 2005, CCH Canadian Limited

Human Resource Advisor, First Reference Inc., 2009


Best Practices: Employment Policies that Work; Joan A Boland, Ellen E. Mole; Carswell

Best Practices: Termination, Release 2; 2009, Carswell

Ultimate HR Manual: CCH

Human Resource Advisor for Ontario Employers; Derwyn, R. Hancocks, First Reference Inc. 1993-2009

http://www.wiselaw.net/employment2.html#without
