

Discipline Without Punishment

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GROTE APPROACH 

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INTRODUCTION

An obscene message written on a potato chip triggered the development of an innovative performance management system that is now rapidly replacing America's traditional "progressive discipline" system as the most effective way for organizations to deal with problem performers.

The scene: a mundane manufacturing facility making a commonplace product – potato chips. The time: over a quarter-century ago. The situation: a public relations nightmare. This plant, with a headcount of 210 employees, had fired 58 in the first nine months of 1973 for disciplinary reasons. Morale was poisonous. Managers in the plant were frustrated because in spite of ceaseless disciplinary actions – written warnings, disciplinary suspensions without pay, terminations – employee misbehavior continued unabated. Workers in the plant, angry and resentful about the constant warnings and reprimands and discharges, sought any available means to strike back.

One ingenious worker discovered a cunning way to communicate his unhappiness with the way the plant's brass was running the place. He came to work one day armed with a felt-tipped pen. He had discovered that it was possible to surreptitiously remove a potato chip from the conveyor belt that ran between the production and packaging areas, write a vulgar message on it, and replace it undetected. The vandalized potato chip would not be discovered until it was literally in the consumer's hands.

Word spread quickly among the employees about his unique trick for getting even with management for their harsh treatment of the hourly staff. Other workers joined in. Consumer complaints grew. Every day at Frito-Lay's corporate headquarters the mail brought more angry letters from customers, outraged at finding indecent love letters written on the potato chips they had bought. As corporate director of training and management development, I was told to drop whatever I was doing, get into that plant, and turn the situation around.

What was causing all of the problems in this plant? On the surface, this plant seemed no different from any of the other 38 facilities we operated around the country, making snack foods out of potatoes and corn. But at this plant the discipline system had simply run amok. As employee problems increased, supervisors took more disciplinary action. Harsher supervisory behavior led to increased employee mischief and misbehavior. Instead of producing solved problems and improved performance, more discipline simply generated more violations. The discipline system, intended to correct employee misbehavior, was in fact encouraging it. Our traditional discipline system had failed.

THE TRADITIONAL APPROACH TO DISCIPLINE

Since the 1930s, public and private organizations alike have settled on a common procedure to handle organizational lapses from grace: “progressive discipline.” This traditional progressive-discipline system was developed seventy years ago when unions demanded that companies eliminate summary terminations and develop a progressive system of penalties that would provide a worker with a brand new benefit – protection against losing his job without first being fully aware that his job was at risk.

This traditional, progressive-discipline model instructs the supervisor to begin the problem-solving process by conducting ill defined “coaching and counseling” sessions. When coaching and counseling fail, the supervisor then is told to move into formal disciplinary action, almost always described as a four-step process. An Oral Warning is followed by a Written Warning. If the problem continues, the supervisor then suspends the employee for a period of several days without pay, or writes a final warning notice, or places the employee on probation. If the individual still does not correct his performance, termination follows.

WHAT’S WRONG WITH THE TRADITIONAL APPROACH?

Traditional progressive-discipline is America's criminal justice system brought into the workplace. The basic premise of this traditional discipline system is that crime must be followed by punishment. With its constant quest to “make the punishment fit the crime,” it attempts to provide an awkward mix of retribution and rehabilitation. A variety of problems make this still-common procedure obsolete:

It's a 1930s, adversarial method. The traditional progressive-discipline system was concocted by unions and foisted on unwilling companies who resisted having any discipline system at all. As a result, the approach reflects the adversarial, labor vs. management assumptions that prevailed in those hostile times. In fact, the discipline system that most organizations use today is probably the only remaining vestige of the acrimonious 1930s approach to people-management that still remains in our managerial toolkit. No other personnel system reflects the antagonistic assumption that employees and managers are adversaries. The traditional discipline system reinforces a belief system that most organizations are actively working to abolish.

It makes the supervisor the bad guy. Most supervisors hate having to take disciplinary action. With its criminal justice mentality, the system forces the supervisor to become the employee's adversary. The supervisor feels like he's the bad guy, the one who's wearing the black hat. Embarrassed about being forced into the disciplinarian role, managers often wait to confront

people problems until a nuisance has become a crisis. They face an almost impossible conflict: on one hand, we ask them to be leaders, teachers, and coaches. On the other, we require them to be the dispenser of punishments. No wonder they dawdle and tarry when discipline problems arise.

The traditional system is not a corrective process. Organizations often discover that their supervisors don't see their discipline procedure as a corrective device. To them, it's the procedure they must follow to generate enough paperwork to justify discharge once they've decided that an employee's termination is in order. They view the steps of the discipline system merely as the hoops put up by the personnel department for them to jump through in order to affect a problem employee's firing. As a result, they don't even *begin* the discipline process until they have given up hope of ever correcting the problem.

The traditional approach simply asks too little. The traditional progressive-discipline approach is certainly unpleasant. It breeds resentment and hostility. But the traditional system is flawed by more than just its exclusive reliance on punishment: it is insufficiently demanding. Punishment – warnings, reprimands, suspensions without pay – seems like a tough way of assuring compliance with organizational standards. If someone fails to meet expectations, we punish that individual until he complies. But compliance is all that the traditional system can produce. We can punish people into compliance. We cannot punish people into commitment.

A POSITIVE DISCIPLINE SYSTEM

The failure of traditional discipline procedures in this snack food plant resulted in the development of an entirely new approach to dealing with performance problems: DISCIPLINE WITHOUT PUNISHMENT.

Like traditional approaches, this new approach was progressive. As problems became more serious, the response became more serious. But instead of using punishments, our new system reflected a belief that every one of the employees in that plant, even our "troublemakers," was a mature, responsible and trustworthy adult who would respond like one if treated like one.

The new procedure eliminated warnings and reprimands and disciplinary suspensions without pay. Instead, it focused on requiring individual responsibility and decision-making. The most striking demonstration of management's rejection of traditional thinking was the decision to abolish the conventional unpaid disciplinary layoff as the final step and replace it with a radical new procedure: a paid disciplinary suspension.

Upon reaching the final step of our new system, the individual was told that he would be suspended from work on the following day. He was told that he must return on the day after the suspension having made a final decision: either to solve the immediate problem and make a total commitment to fully acceptable performance in every area of his job; or to quit and find more satisfying work someplace else. The cost of this day was on the company to demonstrate our sincere desire to see him change and stay. "But if you decide to remain with us," his boss cautioned, "another disciplinary problem will result in your termination." His future was placed in his own hands. We would accept whichever decision he made: Change and stay; or quit and find greener pastures elsewhere.

The results? A year later terminations at that plant had dropped from 58 to 19; the following year they were down to two. The atmosphere was transformed; the obscene messages, along with the customer complaints, disappeared. Frito-Lay expanded this "discipline without punishment" system throughout the corporation. Other companies followed suit.

Today thousands of organizations have abandoned warnings, reprimands, probations, demotions, unpaid disciplinary suspensions and all other punitive responses to discipline problems. The results they have obtained support their decision to change:

- ❑ The Texas Department of Mental Health saw turnover drop from 48.5% to 31.3% to 18.5% in the two years following implementation. The system has now been in place for over 20 years. In this time employee turnover has consistently remained at a manageable 20% or less per year.
- ❑ A Vermont General Electric plant, one of many GE facilities that have adopted Discipline Without Punishment, reported written warnings/reminders dropping from 39 to 23 to 12 in a similar two-year period.
- ❑ GTE's Telephone Operations reduced all grievances by 63% and disciplinary grievances by 86% in the year after they installed the approach.
- ❑ Tampa Electric Company, one of the first to follow Frito-Lay's lead, reduced sick leave hours per employee from 66.7 in the year before implementation to 31.2 eight years later. This reduction in sick leave usage resulted in a total savings of \$2,662,848.

Yesterday's methods for handling lapses from discipline no longer fit the culture of today's organizations. Why do companies still use the antiquated "progressive-discipline" system? Not because they like its adversarial philosophy. Not because it is the only acceptable procedure to support a termination if challenged in court or arbitration. Certainly not because of any benefits the system provides. They use traditional progressive-discipline because they haven't discovered a workable alternative – an alternative that is fully accepted by third parties; that allows them to confront lapses in organizational discipline in a way that is simple and uncomplicated; an alternative that enhances the dignity and self-esteem of everyone concerned.

HOW DOES THE APPROACH WORK?

Like traditional discipline systems, the DISCIPLINE-WITHOUT-PUNISHMENT approach starts with informal discussions. Like conventional approaches, it then moves to a series of progressive disciplinary steps when these informal conversations fail to produce results. But the differences between a positive discipline approach and conventional disciplinary practices are dramatic:

SYSTEM COMPARISON

Traditional "Progressive Discipline"		Discipline Without Punishment	
INFORMAL TRANSACTIONS		INFORMAL TRANSACTIONS	
Coaching and Counseling			
FORMAL DISCIPLINARY TRANSACTIONS		FORMAL DISCIPLINARY TRANSACTIONS	
STEP 1	Oral Warning	FIRST	Reminder 1
STEP 2	Written Warning	SECOND	Reminder 2
STEP 3	Suspension without pay/ Final warning/ Probation	FINAL	Decision Making Leave
STEP 4	Termination / Discharge	SEPARATION	
		Separation	

To begin, "Positive Contacts" are included as a formal element of the system. One oddity of traditional approaches to discipline is that they make no provision to recognize the great majority of employees who are already well disciplined. The most frequent complaint of all individuals about their jobs is that they rarely are told when they are performing well. Except perhaps for the annual performance appraisal ritual, performance is discussed only when problems arise.

Making recognition a formal part of the system reminds managers that reinforcing good performance is just as important as confronting poor performance. It also makes employees aware of the organization's expectation that they will be recognized when they perform well. Most important, it makes recognition of good performance a formal policy of the organization, not merely an easily ignored piece of prosaic advice dispensed in a management-training program.

TERMINATION — THE FINAL STEP OF DISCIPLINE?

Another major difference between the conventional model and Discipline Without Punishment is the recognition that the discipline process actually involves only three steps, not four.

Termination is not the final step of the discipline system, as the traditional progressive-discipline model would have it. More accurately, termination represents the *failure* of the discipline system. Termination is the action the organization takes when disciplinary action fails to produce a change in the individual's behavior sufficient for membership in the organizational family to continue. Portraying termination as the step one takes when disciplinary action has failed makes it easier for supervisors to understand that the time to initiate disciplinary action is when coaching has been insufficient to produce a desired change, not when you have made up your mind to terminate and view the discipline system as the path to take you there.

REMINDERS REPLACE REPRIMANDS

When informal coaching sessions and performance improvement discussions are unsuccessful in solving a performance or behavior problem, the first level of formal disciplinary action is a Reminder 1. The supervisor discusses the problem, reminds the employee of his responsibility to meet the organization's standards, and gains the employee's agreement to return to fully acceptable performance.

If the problem continues, the supervisor moves to a Reminder 2. Again the supervisor talks to the employee and gains his or her agreement to solve the problem. After the meeting, the supervisor formally documents the discussion in a written memo to the employee.

The term "Reminder" is chosen deliberately. Unlike a warning or reprimand, we are in fact reminding the employee of two things. First, we're reminding him of the specific gap between his existing performance and the performance we expect. Second, we are reminding him that it is his responsibility to deliver the goods and do the job that he is being paid to do.

Using Reminders 1 and 2 eliminates another nagging annoyance generated by the traditional system: the issue of "oral" and "written." If a supervisor gives a subordinate a "Verbal Reprimand" or an "Oral Warning," is that action documented? Of course. Is the documentation written down? Of course. So doesn't that turn an "Oral Warning" into a "Written Warning"?

Don't fight that battle. Call it a Reminder 1 or a Reminder 2 to indicate simply the level of the step, and describe the documentation procedures separately.

THE DECISION MAKING LEAVE

When the initial steps of formal disciplinary action are unsuccessful in convincing an individual to solve a performance problem, the need for a dramatic, final-step gesture arises. The Discipline

Without Punishment approach provides an unexpected, authoritative, and counterintuitive final step: the Decision Making Leave.

A decision making leave is a disciplinary suspension from work. The employee is suspended for one day. He is told to return on the following day with a final decision: either to solve the immediate problem and make a total performance commitment to fully acceptable performance in every area of the job, or to resign and seek more satisfying employment elsewhere. The employee is paid for the day to demonstrate the organization's good faith desire to see him change and stay. He is also specifically advised that if another problem requiring disciplinary action arises, he will be terminated.

Whether paid or not, a suspension from work as a final disciplinary step has enormous advantages over any other "final step" tactic. A suspension allows a cooling-off period so that both sides can calmly reflect on the situation. It gives both supervisor and subordinate time to think.

The suspension period is a dramatic gesture. It should force the employee to gain a preview of unemployment, come to his senses, and decide to correct his behavior.

Finally, suspension provides a significant benefit to the organization should an employee ever be terminated and then challenge the action the company has taken. The arbitrator's or judge's or EEO officer's first question is always, "Did the employee fully understand how serious the situation was? Did he realize that his job was in jeopardy?" The use of a suspension has universally been accepted by third parties as sufficient notice to the individual that his job is indeed at risk. If he didn't get the message from a suspension, nothing else that the company could have done would have gotten the point across. No other final step tactic – performance improvement plan, final written warning, being placed on probation – has the power to communicate that the end is at hand.

A SUSPENSION WITH PAY?

While a suspension from work is the ideal final step for any discipline procedure, how does the company benefit by withholding the employee's pay while he is suspended? There are no convincing answers. A trivial amount of money is saved – organizational pocket change – at the price of generating a huge amount of anger. The only beneficiaries of withholding the employee's pay while he is on decision-making leave are those who adamantly insist that a pound of flesh be part of the discipline transaction.

Organizations that have adopted the Discipline Without Punishment approach report that using a paid disciplinary suspension generates significant benefits:

It demonstrates good faith. Most organizations see themselves as decent and enlightened employers; they want everything that they do in their employee relations practices to reflect and reinforce this view. Paying the employee for the day allows them to send the message that when they say they want the individual to use the time seriously to think through whether this is the right job for him, they're serious. Employees in several organizations who have received a decision making leave have commented later that they were surprised that the company would be so fair.

It transforms anger into guilt. Paying the employee eliminates the anger that commonly results from a final step disciplinary transaction. Even with the traditional system, our intent is not primarily to punish an individual for his transgressions. It is to send a wake-up call; to get him to take responsibility for his own behavior and performance. But docking his pay makes the company's words hollow. Paying the employee, on the other hand, routinely eliminates the anger that commonly results from final step disciplinary transactions.

It makes life easier for supervisors. Most supervisors hate having to take disciplinary action. Many supervisors have come up from the ranks; they know their subordinates better as peers than as bosses. Using a decision making leave allows supervisors to handle even the most serious disciplinary problems without feeling the need to apologize.

It's appropriate for any job. Traditional approaches to discipline are typically seen as appropriate only for employees in direct-labor, blue-collar operational jobs – a rapidly diminishing segment of the work force. But people problems arise throughout the organization. Too many companies reject traditional approaches to discipline for professional, exempt, managerial employees but find no satisfactory alternative. A decision making leave is an appropriate transaction for any individual whose performance violates organizational norms.

It reduces hostility and the risk of workplace violence. Workplace violence is real. Organizations need to eliminate all practices that increase the likelihood of pissing people off.

It reinforces your values. Most organizations take pride in being fair employers. They want to be seen as highly desirable places to work – an employer of choice. But traditional discipline systems violate the spirit of the organization's values.

Using a decision making leave and focusing on individual responsibility allows the discipline system to be the most visible evidence of the organization's commitment to assuring that its values are practiced, even in the most difficult situations. When Texas Instruments adopted Discipline Without Punishment two years ago, the decision sprang directly from their desire to deal with their rare occurrences of people issues in a way that supported their strong corporate values.

It makes you look good to a jury. Today virtually every termination has the potential for challenge. Regardless of the facts, regardless of the law, the underlying issue will always be, were you fair? When the organization can demonstrate that not only did it have a series of well-documented, progressively more serious discussions with the employee, but that it also gave the individual a day at its own expense to think about whether he could perform at a minimally acceptable level and the individual didn't live up to his own commitment, no stronger argument to support termination can be made.

THE GROWTH OF A POSITIVE APPROACH

Since its invention at Frito-Lay, hundreds of other organizations have adopted a non-punitive procedure for dealing with the everyday problems of poor performance, unacceptable conduct, and failure to maintain regular attendance. Their implementations of the system are always met with the same initial concerns and misconceptions: that somehow, by not making the employee suffer financially, we are somehow rewarding misbehavior . . . that employees will intentionally misbehave in order to get a free day off . . . that employees will view the system as a joke or management gimmick.

Their concerns have been checked, tested and proven unfounded.

One of the greatest advantages of the non-punitive approach, organizations report, is that it shifts the responsibility for performance management from the supervisor to the employee. Instead of reprimanding the employee for his misdeeds, the supervisor now insists that the individual make a choice: change and stay with the organization, or leave and find greener pastures elsewhere. The dignities of both parties are preserved, but the demand that everyone adhere to the organization's standards is reinforced.

A few years ago, the State of Georgia decided to implement the Discipline Without Punishment system in every agency throughout the state.

After several years of experience with the system, Dana Russell, Commissioner of the State Merit System of Personnel Administration, wrote to all agency heads about the significant results that the move to a non-punitive approach had produced. He concluded, "Results like these are the reason that, in twenty years of use of Discipline Without Punishment in major companies and public organizations, not one organization has ever decided to abandon it."

Traditional adversarial approaches to discipline may indeed convince some employees to shape up, others to ship out. Warnings and suspensions and reprimands can certainly produce behavior change. But punitive tactics won't produce employees who are committed to the goals of the enterprise.

The greatest flaw with the conventional progressive-discipline approach is simply that it asks too little. The traditional system takes a problem employee, punishes him, and leaves the organization with nothing more than a punished problem employee. The Discipline Without Punishment system requires the problem employee to become one of two things: either a good employee or an ex-employee.

ABOUT DICK GROTE

Dick Grote is Chairman and CEO of Grote Consulting Corporation in Dallas, Texas, and the developer of the GroteApproachSM web-based performance management system. He's the author of *The Complete Guide to Performance Appraisal*, *The Performance Appraisal Question and Answer Book* and *Discipline Without Punishment*. Dick's latest book, *Forced Ranking: Making Performance Management Work*, was published in 2005 by the Harvard Business School Press.

ABOUT GROTEAPPROACH, LTD.

GroteApproach, Ltd., is dedicated to delivering the technology, services and client care that transform organizations from best-effort climates into results-driven cultures. The GroteApproach web-based performance management system is the culmination of Dick Grote's mission to transform the way organizations manage and develop their most valuable resource - their people. It reflects best practices in strategy-based performance management as identified in Dick's 25 years of research and consulting with hundreds of sophisticated organizations throughout the world. Its combination of unrivaled expertise and superior technology make the GroteApproach system an ideal fit for organizations large and small.

ABOUT GROTE CONSULTING CORPORATION

Grote Consulting Corporation is one of America's best-known and most respected specialized management consulting firms. Headquartered in Dallas, Texas, Grote Consulting helps sophisticated organizations, large and small, implement best-practice performance management systems. Its clients include some of the most prestigious organizations, public and private, in North America, Western Europe, and Southeast Asia.

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