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ACROSS THE BOARD

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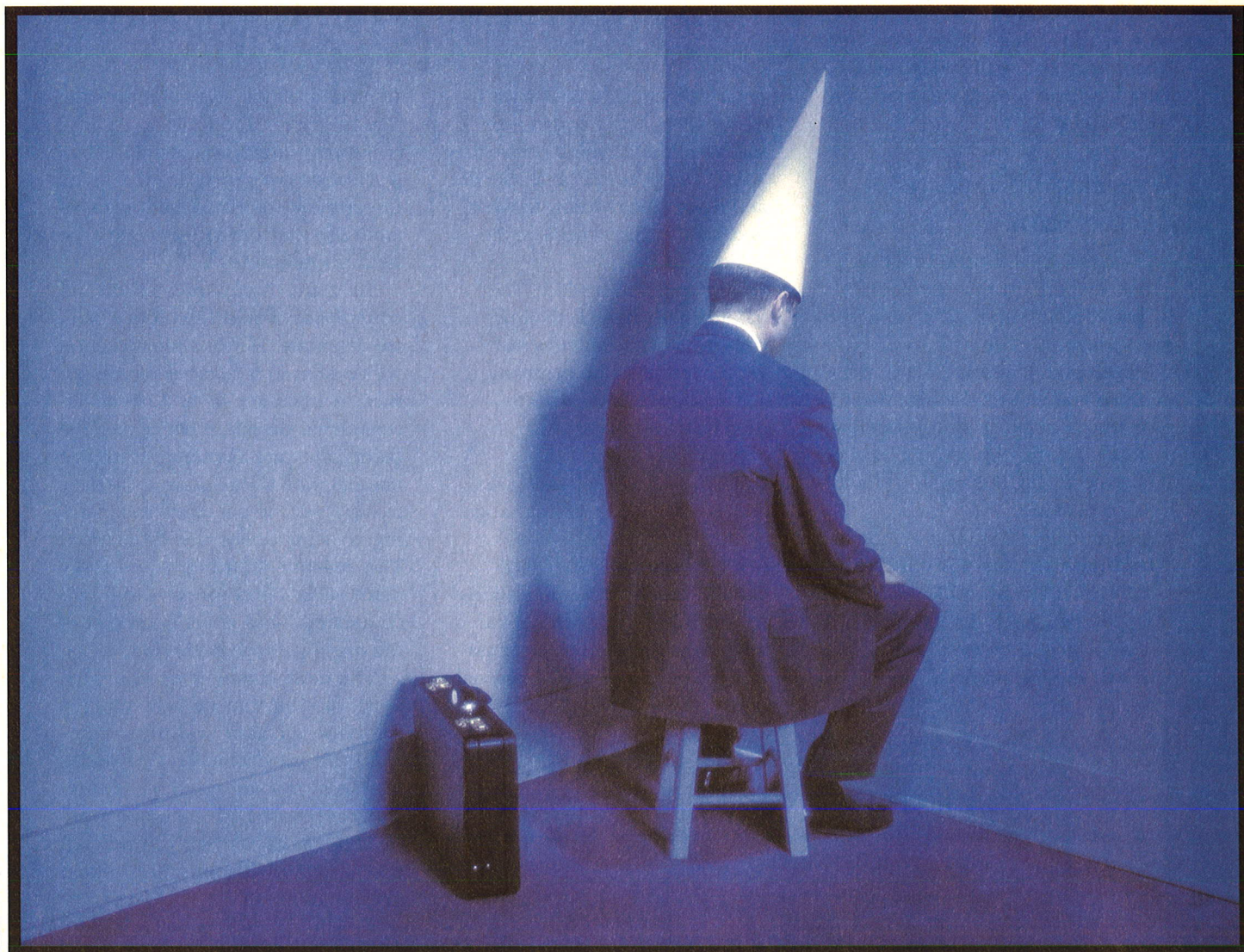
What Leadership Crisis?

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Discipline Without



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Punishment

Punishing a problem employee leaves you with . . .
a punished problem employee.
Is there a better way?

By Dick Grote

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

The scene: a manufacturing facility making a commonplace product—potato chips. The time: over a quarter-century ago. The situation: a public-relations nightmare. This Frito-Lay 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, 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 devised 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-tip 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 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, Frito-Lay's corporate headquarters received 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.

DICK GROTE is president of Grote Consulting Corp. in Dallas and adjunct professor of management at the University of Dallas Graduate School. He can be reached via www.performanceappraisal.com. He wrote "The Secrets of Performance Appraisal," the cover story in the May 2000 issue.

What was causing all of the problems? 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.

When Progressive Isn't

Since the 1930s, public and private organizations alike have settled on a common procedure to handle organizational lapses from grace: "progressive discipline." This system was developed 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

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 makes the supervisor feel like he's in the wrong. Embarrassed about being forced into the disciplinarian role,

Progressive discipline is America's criminal-justice system brought into the workplace.

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 suspends the employee for a period of several days without pay, writes a final warning notice, or places the employee on probation. If the individual still does not correct his performance, termination follows.

Progressive discipline is America's criminal-justice system brought into the workplace, following the basic premise 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 an outdated, adversarial method. The traditional progressive-discipline system was concocted by unions and foisted on unwilling companies that 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 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

managers often wait to confront people problems until a nuisance has become a crisis. They face an almost impossible conflict: On the one hand, we ask them to be leaders, teachers, 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 effect 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 progressive-discipline approach is certainly unpleasant. It breeds resentment and hostility. But the 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 them into *commitment*.

A Discipline That's Kinder, Gentler, and Tougher

The failure of traditional discipline procedures at the Frito-Lay plant resulted in the development of an entirely new approach to dealing with performance problems: *discipline without punishment*.

Like traditional approaches, this new method 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, reprimands, and unpaid disciplinary suspensions. 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, and 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 company covered the cost of this day, 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 the 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 the 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 decisions to change:

- The Texas Department of Mental Health saw turnover drop from 48.5 to 31.3 to 18.5 percent in the two years following implementation. The system has now been in place for over two decades. In this time, employee turnover has consistently remained at a manageable 20 percent 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 percent and disciplinary grievances by 86 percent in the year after management installed the approach.
- Tampa Electric Co., one of the first to follow Frito-Lay's lead, reduced

in court or arbitration, and certainly not because of any benefits the system provides. They use progressive discipline because they haven't discovered a workable alternative—one that is fully accepted by third parties, that allows them to confront lapses in organizational discipline in a simple and uncomplicated way, and that enhances the dignity and self-esteem of everyone concerned.

Taking the Right Steps

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.

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 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

the discipline-without-punishment approach is the recognition that 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. By portraying termination as the step that one takes when disciplinary action has failed, discipline-without-punishment 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.

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 on to a Reminder 2. Again the supervisor talks to the employee and gains his 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, it reminds 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 the designation "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 it is. So doesn't that turn an "oral

Individuals complain that they rarely are told when they are performing well.

sick-leave hours per employee from 66.7 in the year before implementation to 31.2 eight years later.

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

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.

Another major difference between the conventional model and

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.

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 intent is not to punish an individual. It is to send a wake-up call.

The discipline-without-punishment approach provides an unexpected, authoritative, and counterintuitive final step: the one-day decision-making leave.

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 also 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 that the company has taken. The arbitrator, judge, 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 been universally 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.

While a suspension from work is the ideal final step for any disciplinary 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.

Counterintuitive Policies

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 they're serious when they say they want the individual to use the time to think through whether this is the right job for him. 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.

It makes life easier for supervisors. Most supervisors hate having to take

disciplinary action. Many of them have come up from the ranks and generally relate to their subordinates as peers. 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 blue-collar operational jobs—a rapidly diminishing segment of the workforce. But people problems arise throughout the organization. Too many companies reject traditional approaches to discipline for professional 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 rare but real. Organizations need to eliminate all practices that increase the likelihood of angering people.

It reinforces your values. Most organizations take pride in being fair employers and want to be seen as highly desirable places to work. 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 the company's desire to deal with its rare occurrences of people issues in a way that supported TI's 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: Was the company fair? When the organization can demonstrate that not only did it have a

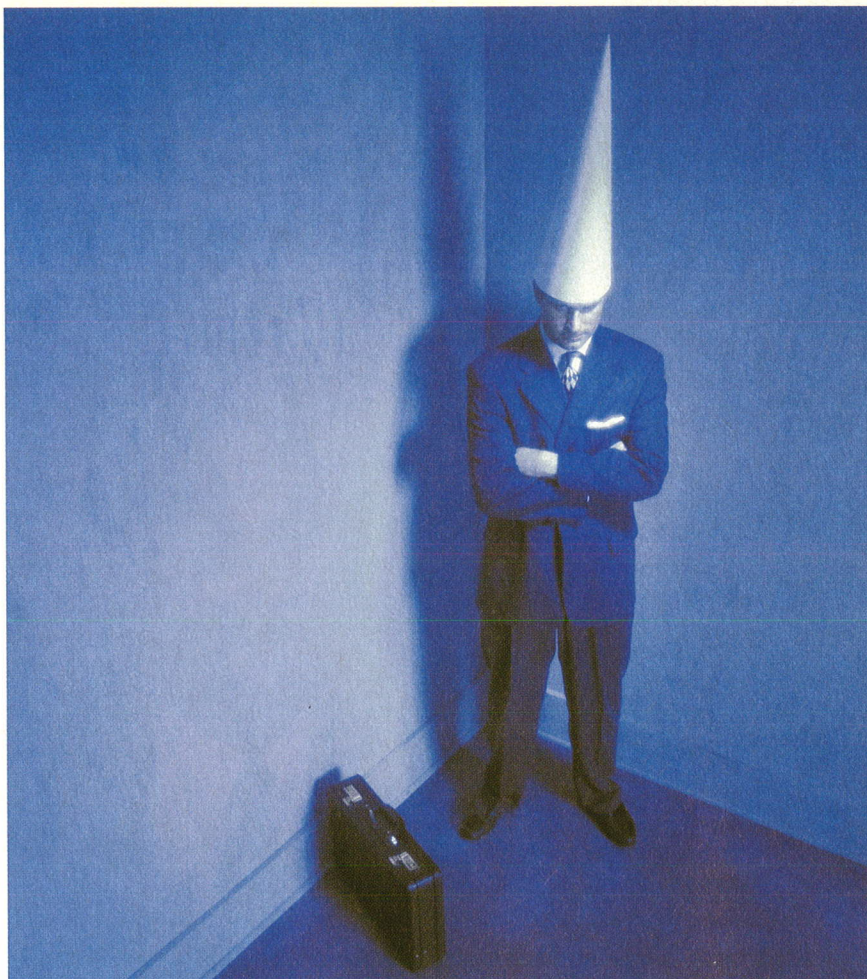
series of well-documented, progressively more serious discussions with the employee, but that it also gave the individual a day at its own expense to think about whether he could perform at a minimally acceptable level, and the individual didn't live up to his own commitment, no stronger argument to support termination can be made.

A Growth Trend

Since the invention of discipline-without-punishment 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 by not making the employee suffer financially, the company is 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.

These concerns have been tested and proven unfounded. Why, then, haven't more organizations made the move to this approach? Many are simply unfamiliar with it, while some organizations are bound by union contracts that spell out specific disciplinary steps and find that their unions resist negotiating a change that results in more employee responsibility and empowerment. Other organizations see no need for a more effective process to deal with marginal performers as a high priority, despite ample evidence to the contrary.

But perhaps the greatest difficulty in changing an organization's approach to discipline lies in readjusting the attitude among many managers that punishment is the only appropriate response to employee failures in behavior and performance. Managers, like most people in our culture, have grown up believing that misconduct must be followed by punishment. But the fundamental purpose of a discipline



system is not to punish misbehavior and enforce compliance—it is to build individual responsibility and reinspire commitment.

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. The dignity of both parties is preserved while reinforcing the demand that everyone adhere to the organization's standards.

A few years ago, the state of Georgia decided to implement the discipline-without-punishment system in every state agency. After several years of experience with the system, Dana Russell, then-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 decided to abandon it."

Traditional adversarial approaches to discipline may indeed convince some employees to shape up, others to ship out. Warnings, 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. ♦

Grote Consulting Corporation
2591 Dallas Parkway, Suite 300
Frisco, Texas 75034

972-335-6644

www.GroteConsulting.com