# How to Handle Underperformers

## Turning Underperformance Into Progress

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# Managing Underperforming Staff Without Losing Trust



Underperformance in a team isn't always immediately obvious, but the side effects are inevitably painful. Whether you're dealing with a few missed deadlines, the occasional delayed project, or a series of complaints from clients, eventually, you'll realise something needs to change. That's an uncomfortable thing for business leaders to recognise.

Approaching an underperforming employee can be stressful and tricky. You don't necessarily want to convince them to leave, particularly now that 75% of companies struggle to find talent. But you can't afford to let their potential deteriorate any further either.

Ultimately, you need a plan for employee performance management that gets staff back on track, maintains morale, and tackles performance issues simultaneously.

## Understanding Underperformance in 2025

Underperformance in the workplace shows up in different ways. Sometimes, it's obvious that people are failing to meet KPIs, upsetting customers, or having ongoing quality issues. Other times, it's more subtle: employees gradually ignore policies, miss more deadlines, or create a negative atmosphere. It's easy to assume these things happen because team members stop trying.

Sometimes, that's the case; 77% of employees are disengaged at work, leading to diminishing motivation, poor productivity, and even quiet quitting.

The root cause of underperformance is usually more complicated. Skill gaps are increasingly contributing to performance issues. The World Economic Forum says most hard skills only stay current for about five years now. That's not long. Many people end up in jobs where what they knew last year isn't enough anymore.

Another issue is clarity. Are expectations clear? Has someone explained what good looks like in detail? People might assume they're hitting objectives when they aren't.
Then there's the question of resources. Even strong employees will struggle if they don't have the right tools or enough time. Rapid growth, the introduction of new tools, or hybrid work can leave gaps that no one notices at first.

## Legal and Compliance Framework

When performance problems arise, focusing only on business needs makes fixing the problem before profits dip critical. But how you approach workplace performance issues needs to be governed by fairness and the rules of employment law.

In most places, you're required to ensure employees understand what's expected of them, provide feedback, and give them the tools and development to improve.

If you fire an employee and they challenge you, you'll need evidence that the dismissal was fair. That's particularly crucial if the underperformance issue could be connected to a protected characteristic like a health condition, disability, or age.

Modern Awards or Enterprise Agreements add complexity, setting minimum entitlements, notice periods, and procedure requirements. When you're planning how to handle underperformers, make sure you:

- **Keep clear records.** Note what standards apply to the role, when feedback was given, what support was offered, and how progress was tracked.
- **Involve HR early.** A fair, steady process is easier to defend and often leads to better results. If HR doesn't have the answers, speak to an employment law expert.
- **Allow enough time.** Most improvement plans last 30 to 90 days, depending on what's needed. Create a policy and stick to it unless employment laws change.

## The DIRECT Performance Management Framework

Managing underperforming staff is always easier when you have a structure to follow.

The DIRECT framework offers that, breaking the process down into six steps. Here's how it works:

### D: Diagnose the Issue
Start by reviewing exactly what's happening. That means looking beyond assumptions. Pull together data, performance reports, client feedback, and examples of missed deadlines. Be specific. A vague impression that someone is "just not engaged" won't help you or them.

Also consider what else might be driving the problem:

Is it skills?
Resources?
Something personal?
Separate the symptoms from the real cause.

### I: Initiate Constructive Conversation
Once you've gathered the facts, sit down privately. This isn't a time for blame. The tone you set here will shape everything that comes next. Use simple, neutral language: "I've noticed your reports have come in late the past two months. Can we talk about what's getting in the way?"

Listen to your employee carefully. You need to hear their perspective so you can realistically determine if there's something you can fix.

**R: Develop Response Strategy**

After the first discussion, work together on a plan. Make it concrete. Just telling your team member to "do better" won't help anyone. Set specific, measurable, achievable, relevant, and time-bound (SMART) goals together.

Also, identify what support they'll need. Maybe extra training, clearer instructions, or a mentor to check in. Agree on a timeline for review.

**E: Execute a Performance Improvement Plan (PIP)**

Write it all down. A formal Performance Improvement Plan is a roadmap for you and your employee. It should include:

- The performance issues are stated plainly.
- The improvement goals.
- The timeframe (often 30–90 days).
- The support you'll provide.
- What happens if there's no progress?

Schedule check-ups, either weekly or fortnightly. Don't make the meetings feel like interrogations. They should be a chance to determine what's working and what isn't.

**C: Continuous Monitoring and Adjustment**

Performance improvement plans need to be adaptable. Don't set them aside and forget about them. Keep tracking progress. Celebrate with your employees when things improve; recognition can help maintain momentum. If something goes wrong, invite your team member for another meeting and try to figure out how to adjust together.

This is a good time to update your notes, too. Documenting each check-in will help you remember details and demonstrate that you handled everything fairly.

**T: Terminate or Transition (if necessary)**

If you've given your employee the best possible chance to improve and you're still not seeing progress, you need to decide what's next. That might mean ending employment or shifting them to a better-fitting role.

Before making the choice, review everything. Are you confident that you've been fair throughout the process? Is the documentation solid? Do you need to seek extra feedback from HR?

If termination really is the only next step, handle it with compassion. Be clear, calm, and professional, and offer an exit interview so you can learn more about what went wrong.

## Alternative Interventions and Support Strategies

Remember, a performance improvement plan doesn't have to be a starting point. Sometimes, you don't need something that formal right away. If you think the issue your team member is having comes from a skill gap, implement a training plan.

A short course or a bit of extra practice often does more than a warning ever could. Mentoring works, too. Pair someone with a colleague who knows the ropes. It gives them someone to ask, and it makes them feel less alone.

Look at the role itself. Maybe part of the job doesn't fit their strengths. Swapping a few tasks can help them feel more confident.

Be open to flexibility. If your staff is dealing with health issues or family issues, consider lighter hours or different shifts for a while. That compassion could pay off through more engagement, dedication, and motivation from your staff.

Simple tools help more than people expect. Better templates, clear checklists, and automatic reminders can reduce mistakes.

## Building a Fair and Supportive Performance Culture

Underperformance is rarely a simple problem to solve. It's usually not a result of someone just not caring anymore. The issue can have numerous causes, from skills that need updating to unclear expectations or personal stress.

With that in mind, don't approach employee performance management as a one-size-fits-all process. Commit to getting to the root cause of the problem first. Start having conversations with your employees before the issue compounds and frustration builds.

Be clear about what you expect, but listen carefully to what might get in the way. Remember, documentation is part of protecting everyone. It shows you've acted fairly and given the person a real chance to improve. It also helps keep decisions consistent across your team.

Even if performance doesn't recover, a structured, respectful process helps reduce risk and leaves the person feeling decently treated. Over time, this approach strengthens trust and culture.

# A little about Sarah Bishop and Recruit Recruit Ltd



Whether you're a sole trader hiring your first team member, a VC-backed startup needing to scale fast, or a corporate looking for top-tier C-suite talent, one thing stays true:

Your business grows when your people grow.

**I help founders, CEOs and business leaders build brilliant teams through:**

- **Recruitment:** finding and placing the right people for the right roles or embedding a talent team into growing businesses
- **Sales & Leadership Training:** developing high-performing teams that sell, lead and deliver
- **Speaking & EmCeeing:**  energising events and conferences with insight, humour and practical takeaways
- **Coaching:** supporting leaders to grow confidently, communicate better, and build culture that sticks

Over the years, I've supported businesses at every stage, from bedroom startups to scale-ups and established firms navigating change. What they all have in common? A vision to grow and the ambition to get the right people on board to make it happen.

**I bring no-nonsense advice, energy, empathy and results, whether I'm:**

- Hiring a game-changing leadership role
- Training a founder-led team to sell with confidence
- Speaking on stage about team-building, fearless follow-up, or people strategy
- Coaching a business owner through their first ever hire

**So, let's talk If:**

- You're ready to grow and want to hire with confidence
- You need training or coaching to get more from your team (or yourself!)
- You're planning an event and want a speaker or EmCee who brings both energy and value

Drop me a message or connect - let's build something brilliant together.

## Contact

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