

The Real Cost of Getting Disciplinary Wrong

A financial deep-dive for business owners and finance managers

Let's Talk Money

This isn't a sales pitch about features. This is about one thing: protecting your business from a financial catastrophe that's entirely preventable.

If you're the person who signs the cheques or reviews the P&L, this is for you.

What Does a CCMA Case Actually Cost?

Most business owners have a vague sense that CCMA cases are expensive. Let's get specific.

Legal representation. Even a straightforward case requires professional help. Attorneys or labour consultants typically charge R2,500 to R5,000 just for an initial consultation. If the case goes to a hearing, expect R8,000 to R15,000 per day—and cases often span multiple days.

Preparation time. Someone in your business has to gather documents, prepare statements, brief the legal team, and attend proceedings. That's typically a senior manager or HR person. Calculate their hourly rate, multiply by 20 to 40 hours, and you're looking at R5,000 to R15,000 in lost productivity.

If you lose. Here's where it gets serious. Unfair dismissal awards in South Africa are typically 12 to 24 months of the employee's salary. For an employee earning R25,000 per month, that's R300,000 to R600,000. For a manager earning R50,000, you're looking at R600,000 to R1.2 million.

Settlement pressure. Even if you think you'll win, the legal costs and distraction often push businesses to settle. Settlement amounts commonly range from R30,000 to R100,000, even for cases that might have been winnable.

Add it up. A typical CCMA case that goes badly costs R150,000 to R200,000 at minimum. A really bad one—losing an unfair dismissal claim against a senior employee—can exceed R500,000.

Why Businesses Lose

Here's what the CCMA statistics don't tell you: most cases aren't lost because the dismissal was wrong. They're lost because the documentation was wrong.

Scenario one: The missing warning. A manager verbally warned an employee three times about coming in late. Everyone knows it happened. But there's no written record. At CCMA, the employee says "I was never warned." The employer has no evidence. Case lost.

Scenario two: The skipped step. An employee has been underperforming for months. The manager, frustrated, terminates them. But there's only one warning on file. Progressive discipline requires multiple warnings for performance issues. Case lost.

Scenario three: The lost paper. A warning was issued two years ago. Now you need it. The manager who issued it has left the company. HR moved offices. Nobody can find it. Without documentation, it's as if the warning never existed. Case lost.

Scenario four: The language defence. The employee claims they didn't understand the warning because it was in English and their home language is isiXhosa. There's no evidence it was explained properly. Case compromised.

Scenario five: The procedural miss. The manager issued the warning without letting the employee give their side of the story first. That's a basic fairness requirement under South African law. Even if the dismissal was justified, the process was wrong. Case lost or significantly weakened.

Notice something? None of these cases were lost because the employee shouldn't have been dismissed. They were lost because the process wasn't followed or documented correctly.

The Insurance Comparison

Think about insurance for a moment.

You pay premiums to protect against events that might never happen. Fire insurance, theft insurance, liability insurance. You hope you'll never need them. But if something goes wrong, they save your business.

Now consider: what's your "insurance" against CCMA claims?

Most businesses rely on Word templates, paper filing, and hoping their managers know what they're doing. That's not insurance. That's hope.

File by FIFO costs between R5,000 and R25,000 per year depending on your size. That's cheaper than most business insurance policies. And unlike insurance, it actively prevents claims rather than just paying out after them.

The Math That Matters

Let's run some numbers.

Company A: 75 employees, no system - File would cost: R12,000 per year - Over 10 years: R120,000 total - Number of CCMA cases needed to break even: Less than one

Company B: Same company, one CCMA case - Legal fees: R35,000 - Settlement (to avoid hearing): R80,000 - Management time: R15,000 - Total: R130,000 - That's more than a decade of File subscriptions

The uncomfortable truth: If File prevents just one case over the lifetime of your business, it pays for itself many times over. And businesses with proper documentation don't just prevent cases—they prevent multiple cases, because employees know everything is on record.

The Hidden Costs Nobody Talks About

Beyond the direct financial impact, CCMA cases have costs that don't show up on an invoice:

Management distraction. Your managers should be running the business, not preparing for hearings.

Employee morale. Other employees watch what happens. When someone is dismissed without proper process and wins at CCMA, it sends a message that the rules don't apply.

Your time. As a business owner, you have better things to do than stress about labour disputes.

Repeat behaviour. Without proper documentation, problematic employees learn they can get away with things. Small issues become big issues. One difficult situation becomes five.

What About Word Templates?

You might think: "We have Word templates. Our managers fill them in. Isn't that good enough?"

Here's the problem:

Templates don't ensure completion. A manager might fill in half the fields and skip the rest. They might forget to get the employee's side of the story. Templates don't force compliance—they just provide a format.

Templates don't track history. Is this the employee's first warning or third? A Word template doesn't know. The manager has to dig through files to find out—if the previous warnings can even be found.

Templates don't recommend. South African law has nuances. A first offence of dishonesty might warrant a final warning. A first offence of late arrival probably doesn't. A template can't guide managers on appropriate responses.

Templates get lost. Where's that warning you issued 18 months ago? In someone's email? On a shared drive? In a filing cabinet that nobody's opened in years?

Templates are free until they're expensive. The "savings" from using Word templates disappear instantly when one poorly documented case reaches CCMA.

Return on Investment in Real Terms

Let's think about ROI differently.

Scenario: Manufacturing company, 120 employees - File annual cost: R15,000 - Monthly equivalent: R1,250 - Daily equivalent: R41

For R41 per day, every manager in your business has access to a system that ensures they can't make procedural mistakes. Every warning is documented correctly. Every employee's history is instantly accessible. Every document is stored permanently.

Is preventing one CCMA case over the next five years worth R41 per day? That's less than a daily newspaper subscription. Less than a single cappuccino.

What File Actually Does

File isn't complicated software that requires training and change management. It's a guided process.

A manager opens it, selects the employee, answers questions about what happened, and the system produces a legally compliant document. The whole process takes 15 to 20 minutes.

But here's the key: the system makes it impossible to skip steps. You can't issue a warning without documenting the incident. You can't skip getting the employee's response. You can't forget to state expectations for improvement.

Even a manager who has never issued a warning before will produce documentation that meets South African legal standards.

The Question You Should Ask

The question isn't "Should we pay for File?" The question is "Can we afford not to?"

Consider your current situation:

- How confident are you that every manager in your business follows correct procedure?
- If you had a CCMA case tomorrow, could you produce complete documentation for every warning issued in the past three years?
- What would happen if you lost a case against a senior employee?

If any of those questions make you uncomfortable, you already know the answer.

The Proposition

File by FIFO costs less than one hour of legal consultation per month. It provides:

- Guaranteed procedural compliance
- Complete documentation for every disciplinary matter
- Instant access to employee warning history
- Permanent, searchable records
- Support for all 11 South African languages
- Peace of mind

One prevented CCMA case pays for five to fifteen years of subscription.

The Bottom Line

This isn't about software. It's about risk management.

You insure your buildings. You insure your vehicles. You insure against liability. But the single biggest HR risk most businesses face—losing at CCMA due to poor documentation—often has no protection at all.

File is that protection. It's insurance that actively prevents claims rather than just paying for them afterwards.

The maths is simple. The decision should be too.

File by FIFO — The cost of doing nothing is always higher than you think.
Learn more at <https://file.fifo.systems>