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**THE VALUE OF AN
EMPLOYEE HANDBOOK**



You may think that the time it takes to develop an employee handbook is an exercise in futility.

You could also say, "It'll just collect dust on a shelf." However, when you're involved in a sticky legal battle with a disgruntled or malcontent current or former employee, where you need to address conflicts, reprimand them, or cite specific rules of your business, you'll be glad you had an employee handbook in place. Writing one may involve a little pain upfront, but it'll reap rewards in the long run.

More importantly, an employee handbook helps to set the tone for building a positive workplace culture, employee loyalty, workplace rights, and retaining employees. It also conveys a sincere desire to communicate clearly with your employees.

Don't wait till there's a pressing need for an employee handbook, because it could be too late. You can't rush the process. So, whether you're attempting to address an office culture issue or are interested in building an employee handbook that serves as a foundational element, developing and writing one requires forethought.

STAGGERING FACTS FOR SMALL BUSINESSES

According to a survey conducted by the editors of Gusto, 26% of small businesses with fewer than 10 employees had employee handbooks. And, the National Center for State Courts conducted a project study that found the median cost of an employment case that goes to trial is \$88,000. Can your small business afford this, because you don't have an employee handbook in place?

Not only can a lawsuit cripple your small business, it can harm its reputation, especially if it paints your business in a negative light and is picked up by local or national media. All of this could have been avoided if you created an employee handbook.

All is Not Lost

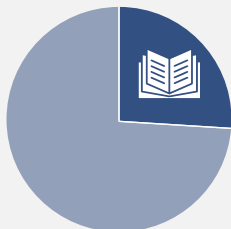
The good news is that you don't have to start from scratch when it comes to writing an employee handbook. You might consider approaching businesses similar to yours and ask them to share theirs. Some of the best ideas are "borrowed."

Employee handbooks go by many names—employee field guide or staff manual, among others. They're designed to serve as references through the duration of the time employees are with your company. As mentioned earlier, they help to set the tone/culture, requirements, core values, and goals of your business. It's also important to include everything a new hire needs to know to get started with their job. New employees should receive theirs prior to their first day on the job. You could also provide a copy in the form of a PDF when you send out a new-hire welcome email.

Distributing employee handbooks can empower a new employee and help them feel better equipped to handle their day-to-day work. Another benefit is that it can increase the new hire's efficiency right from the start.

WHAT DO I INCLUDE IN AN EMPLOYEE HANDBOOK?

Don't think you have to include every law or process. Overall, employee handbooks are meant to serve as a general guide related to the details that arise with operating your business. You'll want to include the essential elements that directly affect you and your employees.



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- **You'll need to include your company's mission statement.** Because it should have been one of the first things you wrote when you created your business, it's critical that you align/enroll your employees into your vision and values. Include the company's culture and values, along with addressing dress codes, PTO policies, parking recommendations, non-discrimination, etc., to quickly help new hires acclimate to their environment.
- **Include a welcome letter from the founder or owner** and briefly state the reason the business was created, in addition to including human resource and legal information, and rights and obligations related to employment.
- **One of the first-read sections a new employee reads is the one that addresses health insurance; retirement benefits; how and when employees get paid (covers employee reviews, whether semi-annual, annual, or otherwise); PTO; overtime policy; and alternate compensation, such as stock options, bonuses, and perks for meeting sales goals.** If you provide tuition reimbursement, be sure to include it here, too. And, if you have more than 50 employees, you'll need to have a Family and Medical Leave Act (FMLA) policy in place. According to FMLA, by law, you have to provide up to 12 weeks of job-protected, unpaid leave during a 12-month period for events in an employee's life, such as childbirth and childcare, caring for an immediate family member with an illness or serious medical condition, or employees tending to their own medical illness. During the leave period, you, as the employer, are also required to maintain all employee health benefits.

If you offer company-covered phones and laptops, free lunches, flexible schedules, and remote work, be sure to list these, as they help with employee retention. Provide realistic expectations, in terms of what the company expects to see from its employees and vice versa. Convey that working for your company can be fun and show how your business values community involvement. You can also spotlight company-sponsored events.

- **Focusing on your company's culture, including phone usage, email, and internet during working hours, leaves no issue to chance.** You'll also want to cover meal breaks, smoking, alcohol, and substance abuse guidelines.
- **It's also important to clarify/define the steps you'll take to ensure a safe physical and nonphysical work environment for your employees.** Whether the policies and procedures address operating machinery, or your process for filing sexual harassment or bullying complaints, your employees should feel comfortable knowing they're working in a safe environment. You'll also want to review workers' compensation results and procedures.
- **While no one wants to think about it, addressing any disciplinary procedures** relating to employee behavior in the workplace, is a must, too.

- **Communicate how the company plans to protect employee privacy related to technology.** Employees need to be assured that their personal data is secure from both their colleagues and management. You'll want to outline what measures are being taken to assure sensitive data remains private.
- **In terms of media relations, news travels at breakneck speed.** When approached, employees' need to be prepared in advance with what to say. And, when a crisis occurs, assign a trained communications professional or someone in management as spokesperson. Make sure they provide a consistent message related to the incident or occurrence. Arm the spokesperson with well-crafted talking points to control the message.
- **Tailor employee handbooks for multiple locations.** If your company operates in different states, each has its own unique labor laws that need to be regularly updated to remain compliant. Make sure each state has its own customized employee handbook. And contact your attorney for more information.
- **Get help with writing your employee handbook:** Seek out a writing professional when drafting your employee handbook.

KEEPING UP WITH THE TIMES

Addressing how anti-discrimination and equal employment opportunities are handled is a must. The Equal Employment Opportunity Commission (EEOC) requires that you specify how your business adheres to non-discrimination and equal employment opportunity laws related to hiring and promotion.

You should also consider addressing and complying with the Immigration and Nationality Act (INA, [justice.gov/Immigration and Employment Section](https://www.justice.gov/immigration-and-employment-section)), which prohibits unfair hiring, firing, promotion, and recruitment practices related to an employee's citizenship status, national origin, and eligibility verification process. The law also outlines redress for retaliation and intimidation.



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NO NEED TO REINVENT THE WHEEL

In addition to asking related businesses to share their employee handbooks, do a little research and find businesses that receive the highest ratings overall and review their employee handbooks. For example, Netflix and Nordstrom have stellar reputations for how they treat their employees, and in turn, how their employees treat their customers.

“Borrowing” ideas from other companies you respect is a great place to start crafting your customized employee handbook. It can serve as a checklist to remind you what areas need to be addressed and help you think of areas that you’ll need to cover specific to your company. It serves as an operating playbook and communication tool that you and your team need in order to codify the rules of the road when working your small business. An employee handbook that’s well written identifies the standards, expectations, and processes you expect your employees to follow, while also signaling how you’ll manage situations that arise. You’ll want to go above and beyond the bare minimum and focus on policies—legal or otherwise—that have a direct impact on your small business.



This may be a stretch, but a well-written handbook should excite and empower your employees, while reinforcing your culture and values. It should provide clarity and context—should any problems arise—so that your employees know precisely where to turn. As mentioned earlier, new hires should be given a copy of the employee manual, whether in PDF or hard copy, with a form to sign, confirming that they’ve read through it and understand its contents.

Having an employee handbook is not a guarantee of compliance, though (and it’s not a formal employment contract); however, it’s designed to give all parties (employer and employee) clarity on how your business operates. It can also protect you, as a small business owner, from legal action or be used as evidence in an anti-discrimination lawsuit.



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While the Federal Department of Labor doesn't require the creation of an employee handbook, you're required to inform your employees of their rights in the workplace—whether through visible workplace signage or a formal manual. Smart small business owners opt for both, so they have all their bases covered.

Once you've created and distributed the employee handbook, your employees need to understand that it's not a binding contract and doesn't guarantee further employment. It IS the final word on all policies, though, and supersedes any memos or documents that may have been circulated to employees prior to its inception. Employees also need to know that the policies found in the employee handbook aren't set in stone. As your business evolves, the handbook will reflect changes and updates.

Developing your employee handbook may feel like a daunting task, but it reaps rewards in the long run.

Make sure trained professionals, including Human Resources representatives or consultants and employment lawyers, who are up on the latest federal, local, and state laws, review it. This ensures that you not only have articulated the information clearly, but that you're not opening yourself up to misinterpretation or liability. Spending the time now to have your material properly vetted will pay dividends down the road.

An employee handbook doesn't need to be a boring document. You're creating a blueprint for how people should operate within your small business. From new recruits to seasoned employees, each should feel engaged and eager to get their day started.

Don't look in your rearview mirror and wish you had an employee handbook at a critical point in your business. Bite the bullet. Tackle the task. It's a win for both you and your employees.

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