Who Has Time to Manage HR? *You Do!*

HERE'S HOW TO HANDLE IT LIKE A PRO

by Jaime Lizotte
HR Solutions Manager • ComplyRight, Inc.

Introduction

In addition to running your business, serving your customers and earning a profit, there is an armful of HR responsibilities to manage each and every day.

So much to do, so little time — but it all needs to get done, and as efficiently as possible. **That's the challenge:** Doing it all, and doing it well.

Perhaps you're chuckling right now, thinking, *"I only wish I could spin plates that well."*

The good news ... it **can** be done.

With the right resources — and the proper application of those resources — you can do it all and look like a pro in the process.

What's inside?

Before We Start,
Let's Make One Thing Clear …

Managing multiple HR responsibilities can be a major pain.

We get that. (It's kind of why we exist — to help the pain go away.)

No small business owner gets up in the morning looking forward to last-minute shift changes, or disciplining insubordinate employees, or interviewing and hiring to replace last week's overly insubordinate employee.

But overseeing HR comes with the territory of small business ownership, and it can have both an emotional and financial impact on you and your business if not managed well.

For starters, trying to do it all can have a negative impact on your health. According to the *American Psychological Association's annual Stress in America Survey*, **61 percent of Americans cited work as a top source of stress.** (Note: Survey results are for Americans in general. Do you think those numbers might be a tad higher for small business owners?)

61%

of Americans cite work as a
top source of stress.

Source:
American Psychological Association's
annual *Stress in America Survey*

According to the 2017 National Small Business Compliance Pulse Survey by ComplyRight, 74% of small businesses across the United States with five to 100 employees feel that employment laws are becoming increasingly complex. This increases to 86% when looking only at responses from business owners and CEOs.

Meanwhile, 70% of small businesses continue to rely on manual methods, such as pen and paper, sticky notes, spreadsheets, or general business software (as opposed to software that was designed specifically to handle employee management) to complete these HR tasks.

This exposes the risk small businesses are taking in their current HR management methods: Even though they admit that HR compliance is increasing in complexity, they attempt to keep up using basic, outdated tools that were not built for the task.

And what about the increased risk assumed when someone isn't qualified to handle HR duties? Giving an untrained employee the responsibility of being your HR go-to increases the chance of a legal misstep, which could put an end to the business you worked so hard to build.

So, why risk it?

86%

of business owners and CEOs feel that **employment laws are becoming increasingly complex.**

70%

of small businesses still rely on **manual methods** to complete HR tasks.

Here at HRdirect, we appreciate that your business is personal to you. Assuming a compliance risk isn't for lack of caring — it's just for lack of accessible resources: time, budget, knowledge, or otherwise. But it doesn't have to be that way.

Odds are, if you've picked up this guide, you have some inkling that something needs to change in your HR processes, and you've come to the right place. This guide will teach you the basics and set you on course to find some quick and easy solutions to help you "spin your plates" like an HR master.

1 What Is "Small Business" HR?

HR is HR, no matter how you slice it. How it's managed, however, depends on the size of your business.

Large companies often have dedicated HR departments with dozens of specialists responsible for employee recordkeeping, performance management, training, hiring and firing, and payroll — you name it, they do it. Midsize companies, on the other hand, may outsource some HR responsibilities, such as payroll and accounting services, while handling employee management duties in-house.

Small businesses rarely have the ability to dedicate staff or outsource (unless you're one of the lucky ones who has a family member with awesome accounting skills). The reality is simple for small businesses: HR is most often handled by the owner or an assigned staff member or two.

Though you may want to focus more time on growing your business or serving your customers or meeting crucial deadlines, you can't afford to neglect HR. The consequences of overlooking HR tasks or using outdated tools can be risky. (And we learned earlier how costly that can be!)

7

This doesn't mean you need to add overhead or buy comprehensive HR software packages. No, no, no. That's not necessary, and don't let anyone tell you otherwise.

You need quick and easy processes to help you do more with less when tackling these essential HR responsibilities:

EMPLOYEE PERFORMANCE MANAGEMENT

(employee orientation, training and policy enforcement)

BUSINESS SUSTAINABILITY

(planning and designing jobs, then staffing and retaining employees)

EMPLOYMENT LAW COMPLIANCE

(through effective, legal communication with employees)

Now, for the good news: *It's not as difficult as it sounds!* On the following pages, we'll break down the HR essentials small business owners need to focus on most.

Ready? Let's go.

② Employee Recordkeeping Is a Must!

Let's start with the foundational element of HR: creating and maintaining employee records. How you do it is up to you — whether it's on sticky notes, paperwork stashed in folders in a filing cabinet, or through cloud-based software solutions. Each is a potential method for documenting employee information, but some are more efficient than others. (More on that later.)

Recordkeeping is so much more than a list of employee names, addresses, phone numbers and emails. Any significant engagement you have with an employee, as it relates to their employment, is a record worth keeping. And the more information you maintain, the easier it is to review payroll issues, prove compliance with federal and state laws, or make a case for disciplinary action should something negative occur.

When was the last time you spent hours looking for a specific document or re-creating a history because you couldn't find specific information? We've all been there! Creating **three separate files** makes it easier to locate detailed information exactly when you need it.

Here are **three files** you should set up for each employee:

1. Personnel File
Include all documents related to employee work history, such as:

- **Hiring documents** (job description, cover letter/resume, job application, interview notes, offer letter)

- **Performance documents** (records of promotions/demotions, performance reviews, disciplinary actions/warnings, awards/commendations)

- **Separation records** (termination paperwork, letters of resignation and exit interview notes)

> **NOTE:** If an employee leaves your company — either voluntarily or due to disciplinary problems — you'll also need to document the termination.

2. Payroll File
Include all documents related to employee wages, such as:

- **Documentation of salary**, bonuses, benefits and other types of compensation

- **W-4 and W-2 forms**

- **Time and attendance records**, including vacation days, personal days, sick days, etc.

- **Authorization** for any payroll deductions or direct deposits

3. Medical File
Include all documents related to employee health issues, which must be kept private, such as:

- **Doctors' notes** excusing absenteeism or lateness

- **Reports** of on-the-job accidents or injuries and/or workers' compensation benefits

- **Applications** for health insurance, life insurance and any other benefits for which medical information is needed

FOR THE RECORD

U.S. Department of Labor requires you to keep these records for all employees:

1. Full name and Social Security number

2. Mailing address, including ZIP Code

3. Sex and occupation

4. Time of day and day of week an employee workweek begins, hours worked each day, and total hours worked each workweek

5. Basis on which employee wages are paid (weekly, bimonthly, etc.)

6. Regular hourly pay rate

7. Total daily or weekly "straight time" earnings for each workweek

8. Total overtime earnings for each workweek

9. All additions to or deductions from employee wages

10. Total wages paid each pay period

11. Date of payment and the pay period covered by each payment

What to Keep and for How Long

Based on applicable federal laws, you must hold on to the following records as follows:

TYPE OF RECORD	HOW LONG TO KEEP
Resumes and job applications	minimum 1 year but even longer in some cases
I-9 forms	the latter of 3 years from hire date or 1 year after employment ends
W-4s	4 years after taxes are due or paid
W-9s	3 years from the due date of the return (4 years if backup withholding applies)
Payroll records	at least 3 years
Benefit plan records	a minimum of 6 years
Performance reviews	at least 2 years
FMLA paperwork	3 years
OSHA-related records	5 to 30 years

To help you get even more organized, here's a detailed list of recordkeeping do's and don'ts.

Quick Start Guide to
Employee Recordkeeping

Featuring the Employee Records Smart App

Find what you need, the moment you need it, with the ultimate employee recordkeeping app. Experience the convenience of updating and storing essential employee data in one place.

Getting Started

1 Add employees one-by-one or import them in one shot.

2 Upload the files you've collected per employee to their profile.

The next two steps are optional, but they'll save you even more time in the long run:

3 Invite them to self-service. Employees receive an email welcoming them to Smart Apps and asking them to set up a password. Once they complete this step, they'll have their own secure, personal accounts.

4 Encourage employees to enter personal and work contact information, even if you already have it. Then, if they have updates, they can make changes later.
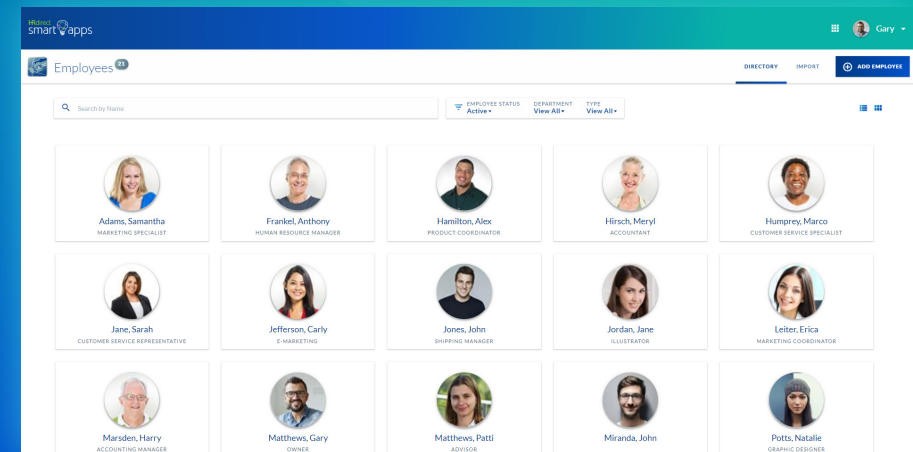
INFO

TOTAL TIME INVESTMENT:
5 minutes to 2 hours, depending on number of employees and files

COST: FREE!

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③ Employee Management Is a Daily Process

Nothing sucks more time from your day than waiting until the end of the week or month to document important HR information. In addition to dreading the pile of paperwork that awaits, you increase the chance of making errors when you don't address basic HR responsibilities on a daily basis. Here are three areas that require regular attention:

DAILY ATTENDANCE TRACKING

When employees miss work unexpectedly, you may get hit with a triple-whammy of unproductivity:

1. Potentially lower productivity from a covering worker or temporary hire not familiar with technology or process responsibilities

2. Coworker productivity loss due to handling above-and-beyond responsibilities

3. Productivity decline from supervisors who end up spinning more plates than usual

14%

of respondents surveyed use **NO method** to track employee attendance.

Source:
2017 HRdirect survey, *The Impact of Absenteeism on Small Businesses in the U.S.*

And the numbers don't lie: According to the 2013 SHRM survey *Total Financial Impact of Employee Absences in the U.S.*, productivity loss is greater (36.6%) when associated with an unplanned absence vs. productivity loss related to a planned absence (22.6%).

One challenge small businesses encounter is neglecting to record scheduled or unscheduled time off as it happens. If you don't have a system for tracking attendance, chances are good you may be paying employees for not working.

A secondary impact to not recording paid time off: You send a message that you don't take your attendance policy seriously. If an employee gets a "free" day off, they may try to abuse the system again and again — which can discourage your superstars, the ones who would never take advantage of your, ahem, absentminded-ness. They could get frustrated if they must work harder or longer because the attendance policy is not enforced.

Tracking attendance also helps identify patterns. **With accurate records, you'll see who's reliable and who's not.** Though you may have an idea through general observation, you'll need to state your case based on facts in the event you need to discipline an employee for absenteeism or tardiness. It's much more effective, and legally sound, to show specific dates and times based on accurate records vs. saying, "Your tardiness is becoming a problem."

Productivity loss related to **unplanned absence**:

37%

VS.

Productivity loss related to **planned absence**:

23%

Source:
2013 SHRM survey *Total Financial Impact of Employee Absences in the U.S.*

Quick Start Guide to
Tracking Employee Attendance

Featuring the **Attendance Calendar Smart App**

Easily spot any troubling attendance patterns that need your attention and maintain accurate records — all in one convenient view. Take the headache out of keeping track of who's on the job, who's called in sick, and more.

Getting Started

1 To start, you need to set a few permissions, related to granting managers or supervisors access and setting time off tracking detail preferences.

2 If employees are already in the Employee Records app, their personalized attendance calendars are available. Start tracking attendance right away. If you haven't added the employee in Employee Records, all you need is a first and last name. This will create their attendance calendar and also add them to your employee directory.

3 Select an employee to open his/her calendar.

4 Click directly on the calendar to log an absence or event.

5 Choose a reason, enter hours missed and write an optional note.
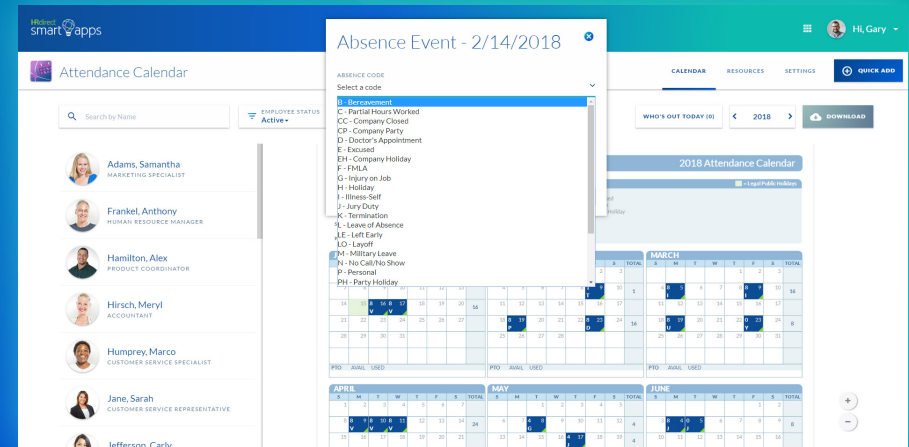
INFO

TOTAL TIME INVESTMENT:
30 seconds to 1 minute per employee, each day

COST: $60/year

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Time Off Request Management

Having a system for requesting time off is a timesaver too, especially if your business is growing. The more people you have requesting time off, the more challenging it is to ensure proper staffing. Without an efficient process, you risk granting time off to multiple employees during busy cycles.

Having a "big picture" view is important too. Keeping a record of time off matters long after the employee returns to work. That way, you'll have a point of reference to identify attendance patterns that you can map along with your businesses' unique needs, such as a busy or slow season.

It's also important to track requested time off if there is ever a dispute over time worked. If you have no record of how much time an employee has taken off, it's your word against theirs, which is never a good situation, especially in the event a problem escalates.

Quick Start Guide to
Time Off Request Management

Featuring the **Time Off Request Smart App**

Give your employees an organized way to submit time off requests that you can't lose track of. Then, supervisors or managers simply approve or deny. Plus, approved requests are automatically added to the employee's Attendance Calendar app.

Getting Started

1 If you haven't **added the employee** in Employee Records, just input their first and last name and email address to get started. Then, continue with **granting them self-service permissions** so they can submit time off requests.

2 When an employee submits a time-off request, you'll receive an immediate email notification.

3 Review the request and check approved or denied. Send comments, too, if desired.
- Request is automatically archived, if denied, or added to the employee's calendar, if approved.
- Employee receives an email notification of your decision.
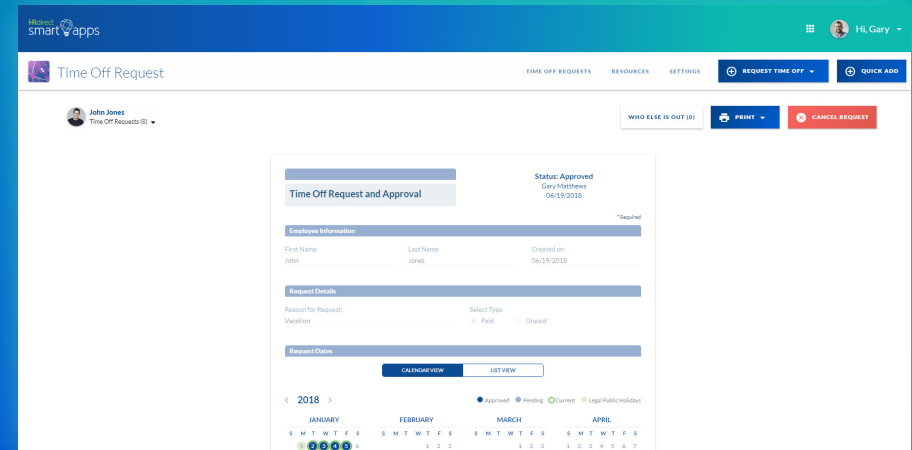
INFO

TOTAL TIME INVESTMENT:
Under a minute, each request, to review and approve/deny

COST: $60/year

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Corrective Action and Discipline

To cover your back, it's important to document everything when it comes to employee insubordination.

Wrongful termination is one of the more common legal actions against small business owners, and building an ironclad case requires accurate and consistent records.

Instead of having a detailed history at their fingertips at all times, many small business owners find themselves building a case after the fact, which is a recipe for disaster. Your mantra for discipline management is simple: **document, document, document**.

Creating and following a disciplinary process helps ensure consistent, corrective action for all employees. Make it your goal to work with employees to improve their work ethic vs. creating a culture of punishment. Document areas of concern, address those concerns immediately, have a plan for improvement, and follow up to see if progress is being made.

Should you need to terminate an employee or if an employee ever files a legal claim against your company, you must have accurate records of what transpired. Keep in mind that legal proceedings can occur years after a termination or dispute, so it's unlikely that a "good memory" will help you win a case. Besides keeping notes on good performance, you'll want to document incomplete or subpar work, arguments, poor communication, insubordination and, of course, harassment, discrimination and other unacceptable behaviors.

Quick Start Guide to
Employee Discipline

Featuring the **Progressive Discipline Smart App**

Have smarter, more constructive conversations with your employees about their actions, and improve your documentation practices in the process. Consistently document warnings and build a progressive-discipline history, all while minimizing confusion and conflict.

Getting Started

1 First, you'll need to add the employee via Employee Records.

2 To create a warning notice, click on an employee's name to open a file.

3 Follow the format of the form to record all relevant details of the warning, such as:
- Date, time, type of violation, and a brief description of the incident
- Step of the discipline process: Warning, Probation, Suspension or Termination
- Next steps and consequences should the incident occur again

4 Meet with the employee about the incident, discussing all document information.

INFO

TOTAL TIME INVESTMENT:
3-5 minutes each form (discussion time with employee is up to you)

COST: $60/year

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4 The Nitty-Gritty of Hiring and Onboarding

Your business is growing, and you need to hire employees to get the work done. Congratulations! But first, make sure you take the proper steps to prevent any hiring quagmires along the way.

Hiring: Ads, Applications and Interviews

What could possibly go wrong during the hiring process? Plenty, if you're not aware of potential pitfalls. Let's chunk this down into three categories: employment ads, job applications and interviewing.

For starters, federal **discrimination laws** prohibit any type of employer preference or bias based on gender, race, color, religion, national origin, age or disability. If your employment ad isn't worded appropriately, you could appear discriminatory and not even know it.

Here are a few ad-writing tips:

- Be as general as possible and include the job title/position, primary duties, company background, necessary skills, experience required and how to respond

- Avoid potentially discriminating wording, such as "recent college grad," which can be interpreted as excluding older candidates, and terms that imply a specific gender, like "waitress" or "stock boy"

- Always include the statement, "We are an equal opportunity employer"

After the resumes roll in, it's time to select your top candidates for an interview. Before you sit down and start chatting, make sure all candidates fill out a job application. Why? Resumes aren't ideal records for comparison because they only tell the story the candidate wants you to hear. Job applications help you gather the same information from all candidates in a consistent manner, which goes a long way in protecting you from claims of discrimination.

They also help you gather important information you might otherwise miss. In the 2017 HRdirect Survey *Small Business Hiring Practices in the U.S.*, only 31% of respondents said they require a job application when hiring. Good news: You're not alone if you don't use an application either. Bad news: You may be entering noncompliant territory by not using one.

Only

31%

of respondents said they
require a job application
when hiring

Source:
2017 HRdirect Survey
Small Business Hiring Practices in the U.S.

In the same survey, business owners were asked how confident they were that their application materials did not include illegal questions.

How confident are you that your application materials do not include illegal questions?

2%
of business owners
somewhat unconfident

6%
of business owners
not at all confident

26%
of business owners
somewhat confident

66%
of business owners
completely confident
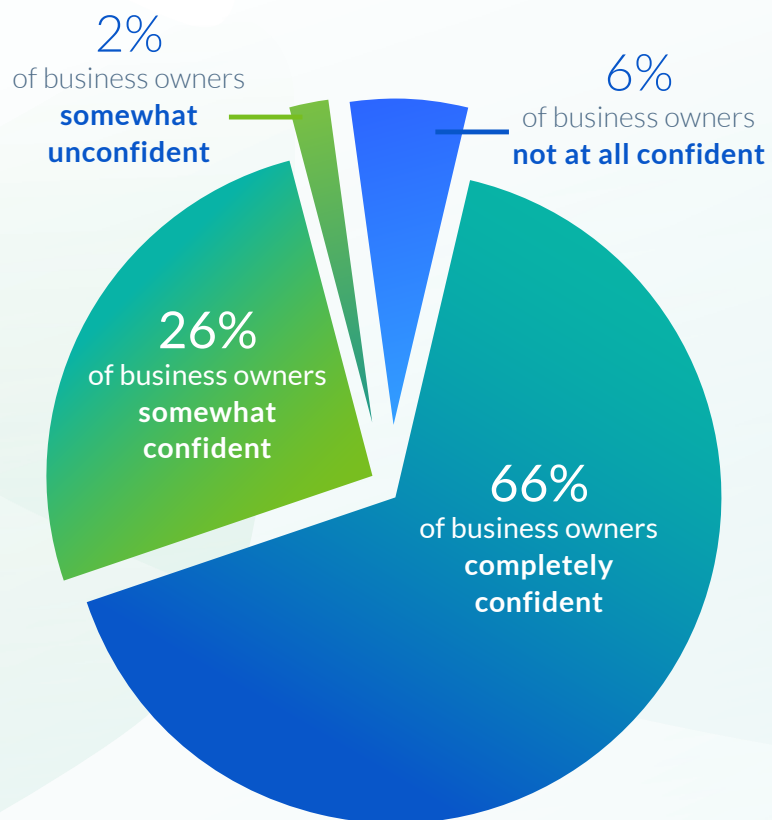
However, when asked if their state "Bans the box," here's what they said:

Does your state "Ban the box"?

i.e. forbids you from asking an applicant to check
"Yes" or "No" if they have a criminal record?

29%

responded that their state
does not enforce "ban the box" laws.

HOWEVER

63%

of those respondents were incorrect —
their businesses are in states that ban the box.

> ## A job application should never include questions that reveal gender, age, race, religion, national origin, disability or marital status.

Yikes. It's clear that small business owners, despite thinking they are compliant, may not be following the rules after all. That's a whole lot of noncompliance before a candidate even sits down for an interview.

So, make sure you use a state-specific application for a private business, assuming your small business hasn't gone public … yet, as part of your hiring process. It can include questions about a person's background and qualifications, but the questions must protect the applicant's privacy and employment rights. A job application never should include questions that reveal gender, age, race, religion, national origin, disability or marital status. To make sure you don't cross into illegal territory, you'll want to do some research to see if you are indeed in a "ban the box" state, or if your state is part of the growing trend that bans you from asking job seekers about salary history.
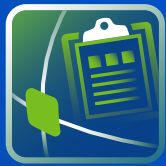
EMPLOYMENT APPLICATION ESSENTIALS

1. Full Legal Name

2. Email Address (instead of residential address)

3. Phone Number(s)

4. Preferred Name

5. Military Service (acquired skills, dates of service)

6. Years of Job-Related Experience

7. Degrees and Institutions (specialties/majors/certifications)

8. Job History and Skills Acquired

RESUME

Quick Start Guide to
Job Applications

Featuring the **Job Application Smart App**

Conveniently and legally expand your recruitment reach with three easy ways to reach potential candidates: online, by email or in print. Your state-specific job application only allows for questions prewritten by HR experts, making it impossible to ask anything that could land you in hot water.

Getting Started

1 Just set your preferences and your job application is ready to use. You'll also need to confirm the state your employees will be working in to ensure you're using a legal application.

2 You can start accepting applications right away, or you have the option to hide non-required questions at this point to collect only the information you really need.

3 Spread the word to applicants in three easy ways:
- With one click, generate a link to your application, and add it to your website, job posting, LinkedIn profile, or anywhere online. Applicants can apply immediately.
- Email applicants your application directly from inside the app.
- Print blank applications for walk-ins.

4 Applications appear on your dashboard as they're completed.

Bakers Construction
100 Main St.
Los Angeles, CA 90001

California

Application for Employment

* Required

Equal access to programs, services and employment opportunities is available to all persons without regard to age, ancestry, color, disability, genetic information, gender, gender identity, gender expression, marital status, medical condition, military or veteran status, national origin, race, religion, sex (includes pregnancy, childbirth, breastfeeding, and/or related medical conditions), sexual orientation or any other basis protected by federal, state, and/or local law.

In accordance with the Americans with Disabilities Act and/or applicable state and local laws, applicants requiring reasonable accommodations for the application and/or interview process should notify the Human Resources Department. Examples of reasonable accommodations include making a change to the application process; providing written materials in an alternate format such as braille, large print, or audio recording; using a sign language interpreter; using specialized equipment; or modifying testing conditions.

Personal Information

First Name * — Brandon
Last Name * — Jackson
Middle Name

Street Address * — 7811 W. Harvey St

City * — Los Angeles
State * — California
ZIP Code * — 90210

Email Address * — bjackson@complyright.com
Phone Number (Home) * — (213) 555-5555
Phone Number (Cell)

Position(s) applied for * — Marketing Coordinator
Referral Source — Company Website

COMPLETE

INFO

TOTAL TIME INVESTMENT:
Minimum of less than a minute, maximum of 15 minutes, or so, to set up (Depends on how many questions you include and how long you review/discuss applications)

COST: $60/year

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Conducting Interviews

Once the application is complete, it's time to interview. Make sure all questions relate directly to the responsibilities, duties and requirements of the position. Detailed follow-up questions to candidate responses are fine. Just don't stray from the job description or subject one candidate to a line of questioning that is different from the others. Keep it even-keeled by sticking to a fair interview process.

As much as casual conversation feels appropriate when meeting someone for the first time, it's best to avoid it. Polite and friendly chit-chat often leads to unintentional discrimination. Once you go off course, it's easy to bring up inappropriate areas such as family life, ethnicity or religion.

Speaking of what to avoid, stay away from any and all questions about:

- Age
- Race, ethnicity or color
- Gender or sex
- Country of national origin or birth place
- Religion
- Disability
- Genetic information
- Marital or family status or pregnancy

Make sure all questions
relate directly
to the responsibilities, duties and requirements of the position.

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smart apps

For example, do **NOT** ask …

- How old are you?

- Are you a U.S. citizen?

- Are you married? Do you have children? Are you pregnant? Are you planning to get pregnant?

- Do you have any mental or physical disabilities? Are you in good health?

- Are there any religious holidays or hours that you can't work?

- What ethnicity are you? What country are you from?

- How many sick days did you take last year? Were you hospitalized in the last year?

One more important reminder: Don't discard resumes of people you don't intend to hire. Many companies large and small, often toss resumes of rejected candidates. That's a no-no. The U.S. Equal Employment Opportunity Commission requires you to keep paperwork for at least a year after an employment decision is made.

EMPLOYMENT APPLICATION ESSENTIALS

During the interview, don't write notes directly on a candidate's resume or job application. Bring a separate pad for jotting down comments and questions — and make sure the candidate can't see what you're writing.

Quick Start Guide to
Tracking Job Applicants

Featuring the **Applicant Tracking Smart App**

Modernize and streamline your hiring process so you can reach, recruit and hire 5-star candidates quickly and affordably. Track and collaborate with team members through all stages of hiring (with the ability to skip those that don't fit your business).

Getting Started

1 **Assign hiring managers** who can complete hiring stages, submit ratings and view applicable information for designated applicants.

2 **Add your first job position**, then enter information about the position: name, department, position type – full or part time, who the hiring manager is, and the status (active, on hold, or closed).

3 **Add your first job applicant**, then choose the position they're applying for, enter their name, phone number, email address and address (if you choose to), then upload their job application. (If you have the Job Application Smart App, the applicant and their application will automatically exist in the applicants tab.)

4 Click on the applicants tab, open an applicant's entry and **update their status** each time they're at a different hiring stage, then assign the hiring stage to the applicable hiring manager.
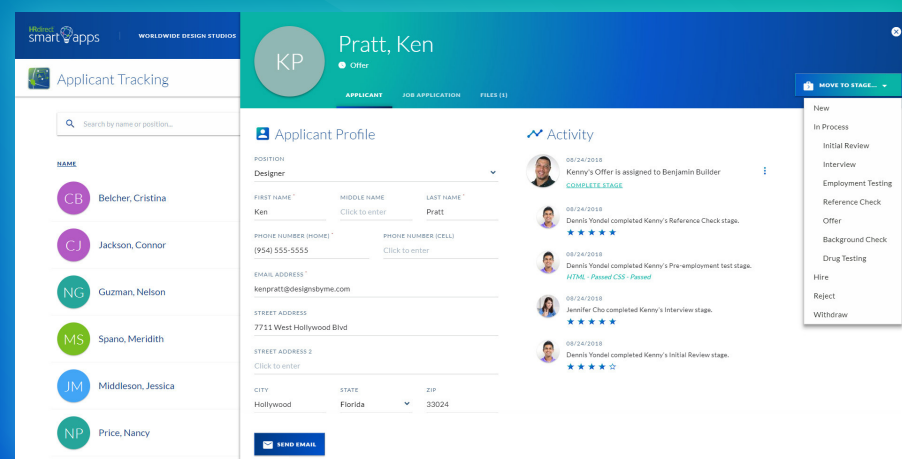
INFO

TOTAL TIME INVESTMENT:
5 minutes to set up hiring managers, 2-3 minutes to add each position and applicant, and less than a minute to update the applicant's status.

COST: $60/year

LEARN MORE

Onboarding: Employee Status, Required Forms, Employee Handbook

Before saying, "You're hired!", it's important to understand the difference between **independent contractors and employees.** Independent contractors are not employees under the law or IRS regulations, so they must be managed differently. Basically, you can't treat contractors like employees. If you do, you may find your business facing back taxes, back wages, back premiums or, even worse, lawsuits.

FOR INDEPENDENT CONTRACTORS

If you use freelancers, consultants or project workers to grow your business, you should obtain a signed legal agreement clearly stating the contractor is not an employee of your company. Agreements should state explicitly that the contractor is responsible for their own insurance liability and workers' compensation. In addition, all contractors must complete **Form W-9** (Request for Taxpayer Identification Number and Certification) before work begins.

FOR EMPLOYEES

On the other hand, if the candidate is hired as an employee, you must verify eligibility to work in the United States within three days of hiring by completing **Form I-9** (Employment Eligibility Verification). This form asks you to examine the employee's documents to confirm citizenship or eligibility to work in the United States. Although you don't have to submit Form I-9 to the government, you must keep it on file for three years after the employee's hire date or one year after the employee leaves your company, whichever comes later. It's also a good idea to keep I-9s for all employees in a separate folder, in the event of a government audit.

The IRS requires every employee to complete **Form W-4** (Employee's Withholding Allowance Certificate), which affects how much federal income tax is withheld from the employee's paycheck. The form documents information on marital status, number of dependents and additional withholding amounts.
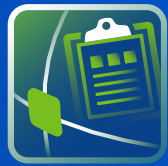
Quick Start Guide to
Mandatory New Hire Paperwork

Featuring the **I-9 & W-4 Smart App**

Verify the identity and employment eligibility of new hires, promptly and accurately — through a completely automated, paperless process. This one-of-a-kind app not only speeds up the time to complete new employee forms, but also helps you comply with federal filing requirements.

Getting Started

1 After entering an employee's name and email address, the app sends an email invitation so they can complete their portion of the forms immediately.

2 You'll be notified when the employee completes their portions of the I-9 and W-4.

3 You'll be given a deadline of when you need to complete your portion by.

4 We provide you with the acceptable documents list provided by USCIS that detail which documents are acceptable for physical inspection.

INFO

TOTAL TIME INVESTMENT:
For employers and employees:
1-2 minutes, each form

COST: $60/year

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HRdirect® smart apps

5 Policy of Truth: The Employee Handbook

An employee handbook is important no matter how big or small the business. While it may require a little more time up front to craft your specific policies, having guidelines in writing provides a blueprint for employees to follow.

Clearly written rules help set expectations and reduce misunderstandings. Formal personnel policies also protect your business in the event of an employee dispute. Here are must-have workplace policies for small businesses:

1 **At-Will Employment.** If no contract exists, a worker's status is likely at-will, which means the relationship can be terminated at any time, by either the employee or the employer, for any reason or no reason at all. Having a written policy that reinforces your right to discharge at-will can help your defense in a wrongful termination case.

2 **Payroll.** Include definitions of exempt and non-exempt employee classifications, as well as details on your pay period, payday, overtime-authorization rules and any meal/rest break guidelines for hourly employees. You should also explain how payroll deductions are handled for time off (which will likely differ for exempt and non-exempt employees).

3 **Time Off/PTO.** Cover expected work hours, attendance parameters and paid holidays, and provide answers to common employee questions, such as:

- Do I get separate sick days and vacation days?

- How does my time off accrue?

- When can I start using it?

- How and when do I request time off?

- What happens if I don't use it?

- Does my time off roll over to the next year?

- What happens to earned time off if I quit or I'm terminated?

4 **Rules of Conduct.** Your conduct policy can set expectations on everything from dress code and customer interaction to personal use of company equipment and social media. In addition to laying the ground rules for your workplace, your conduct policy should include this phrase: "And any other management rules." This covers you if a rule is broken that is not specifically listed on the policy. And with more and more employees working from home, it's wise to include language that describes expectations for remote offices.

5 **EEO/Harassment.** This policy clearly states that discrimination and harassment are unacceptable in your workplace. (See the next page for detailed information.)

> Your conduct policy can set expectations on everything from dress code and customer interaction to personal use of company equipment and social media.

Quick Start Guide to
Creating an Employee Handbook

Featuring the Company Policies Smart App

Easily create, distribute, and track receipt of essential employee policies. Company Policies help you set and maintain the right tone at your company while improving communication and accountability.

Getting Started

1 **Select the state** where your company resides, as well as contact information for the person who will handle any policy questions. Based on the selected state, you'll receive a library of federal and state-specific policies pre-written by our HR and legal compliance experts.

2 Choose and **customize** applicable policies by clicking the add policy button, choosing the policy you'd like to modify, typing in your changes and clicking save & add.

3 **Publish your policy** and indicate if you'd like to notify all employees or not.

4 If you'd only like to **notify certain employees** about specific policies, click on the published tab, select the particular policy, click the notify button and select the employees you'd like to notify via email. Or, simply click the print button to distribute physical copies of policies to employees.
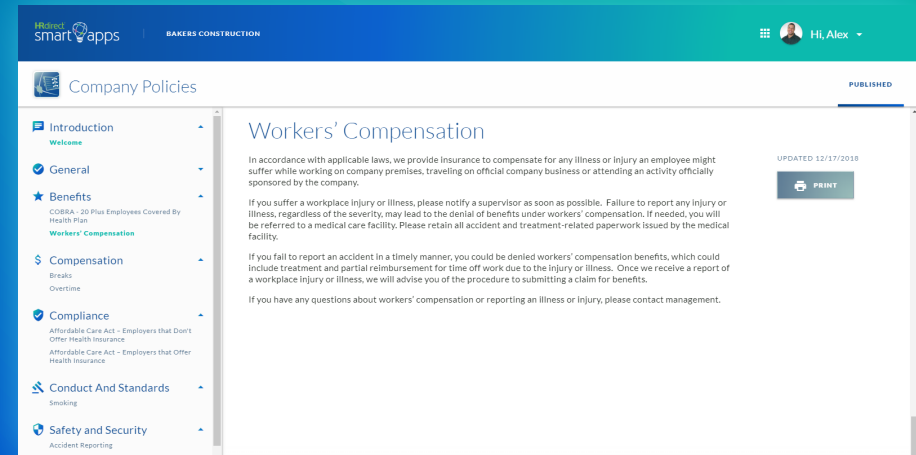
INFO

TOTAL TIME INVESTMENT:
1-30 minutes, depending on the time spent reviewing the policies relevant to your business and whether you choose to customize them. It takes less than 1 minute to publish and notify employees once policies are created or updated.

COST: $60/year

LEARN MORE

6 Harassment Prevention

Workplace harassment is a serious issue for employees and employers alike. If harassment issues are not addressed immediately, you run the risk of fostering an unproductive work environment and potentially damaging lawsuits.

Any hostility — verbal or physical — toward a person because of sex, race, color or other protected category is considered harassment.

Here are the **three basic** harassment categories:

1 **Physical harassment** — unwelcome physical contact, invading one's physical space, damaging one's property and making offensive gestures.

2 **Verbal and/or visual harassment** — unwelcome comments, jokes, threats, insults, name-calling, negative stereotyping, and possession or display of derogatory pictures or other graphic material.

Only
47%
of small businesses surveyed conduct formal harassment prevention training.

3 **Sexual harassment** — occurs in two forms: *hostile environment* and *quid pro quo* ("this for that" in Latin).

Hostile environment harassment covers a wide range of behaviors and situations, including:

- Telling dirty jokes or using sexual innuendo in conversation
- Unwelcome touching, such as hugs, pinching or patting
- Sexual propositions or repeated requests for dates
- Practical jokes of a sexual nature
- Demands or pressure for sexual favors
- Inappropriate compliments about one's physical attributes or body parts
- Displaying or sharing sexually suggestive pictures or other graphic material

Quid pro quo sexual harassment is even more serious. It involves authority figures (such as managers) threatening or taking action that affects an employee's employment based on his or her willingness to participate in a sexual relationship. This can include, for example, offering to promote or threatening to demote or fire the employee.

From an HR perspective, your best course of action in combating harassment is to cultivate a culture of intolerance. Create a no-harassment policy that defines examples of prohibited conduct, encourages immediate reporting of violations, assures swift and thorough investigations of all complaints, confirms appropriate action will be taken when warranted, and prohibits retaliation for those who report violations.

Make sure all employees receive, review, sign and return the policy so you have copies in their personnel files. It's also important to offer harassment training to staff and managers on an annual basis. This drives home the message that harassment is serious business and not tolerated in your company.

In the event someone has a grievance to share, designate at least two people within your business who can field complaints. Make sure those individuals are clearly identified in your policy, and employees are aware of whom they can turn to if issues arise.

7 Labor Law Posters Are Required Reading

One element of HR that can be a "gotcha" if you don't comply: labor law postings. Do I need them, or don't I? If you employ even one person in your business, the answer is "yes." No ifs, ands or buts, labor law posters are a must. Failure to keep these notices up-to-date can result in fines or even employee lawsuits.

You're required by law to inform employees of their legal rights under federal, state and local regulations by posting each of these **five federal compliance posters:**

1 **The Fair Labor Standards Act (FLSA)** notifies employees of the federal minimum wage, overtime rules and child labor laws.

2 **The Equal Employment Opportunity Commission (EEOC)** explains antidiscrimination provisions and legally protected characteristics.

**3** **Occupational Safety and Health Administration (OSHA)** highlights important workplace safety measures.

4 **The Uniformed Services Employment and Reemployment Rights Act (USERRA)** addresses re-employment rights after an employee takes military leave, anti-discrimination provisions and health insurance issues.

5 **The Employee Polygraph Protection Act (EPPA)** describes the rules around lie detector tests in employment (a posting requirement, even if you don't use lie detectors).

A sixth federal posting is required for all private employers with 50 or more employees and all public agencies regardless of the number of employees:

6 **Family and Medical Leave Act (FMLA)** explains employee rights and benefits, as well as employer responsibilities, for employees who take leave for medical and family issues.
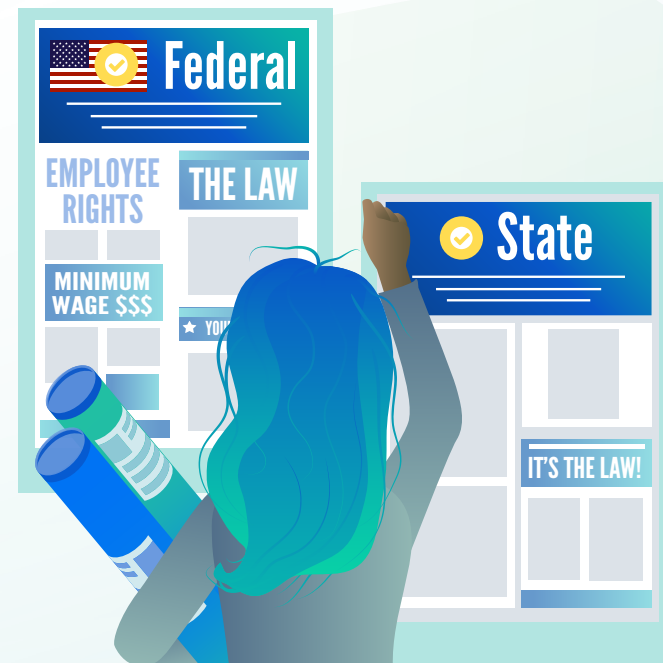
Wait, there's more!

In addition to federal postings, you must display mandatory state postings. Depending on your state, this can mean, at minimum, two additional postings, or as many as 15 additional postings. Each state operates its own government agency and passes its own laws, so check with yours to find out what you need to post in order to be compliant.

In addition, other posting requirements may apply to your business, including:

- Spanish postings (even if you have no Spanish-speaking employees)
- City or county postings
- Job applicant postings
- Remote worker postings
- Industry postings

Federal, state and local laws change continually, and it's your responsibility to make sure your posters are current at all times.

If you don't have the time or resources to monitor changes, reputable poster providers offer replacement services. For a small annual fee, you can have peace of mind knowing your business is up to date and fully protected.

Quick Start Guide to
Labor Law Compliance

Featuring the **Poster Guard 1 Smart App**

Maintain full compliance with all labor law requirements through this easy-to-use online resource focused on your company and specific location. Receive laminated posters to satisfy your mandatory posting requirements, shipped right to your door whenever regulations change.

Getting Started

1 After logging in, **enter your company's information** (state and zip code) in the pop-up and click submit.

2 View your **federal** and **state** posters in the *My Postings* section of the dashboard.

3 Wait for your posters to come in the mail – we'll send them shortly!

4 Once they're received, hang them up in a central employee location (i.e. break room).

5 Hang up replacement posters whenever we send them so you're always in compliance with the most recent labor laws – it's that simple!
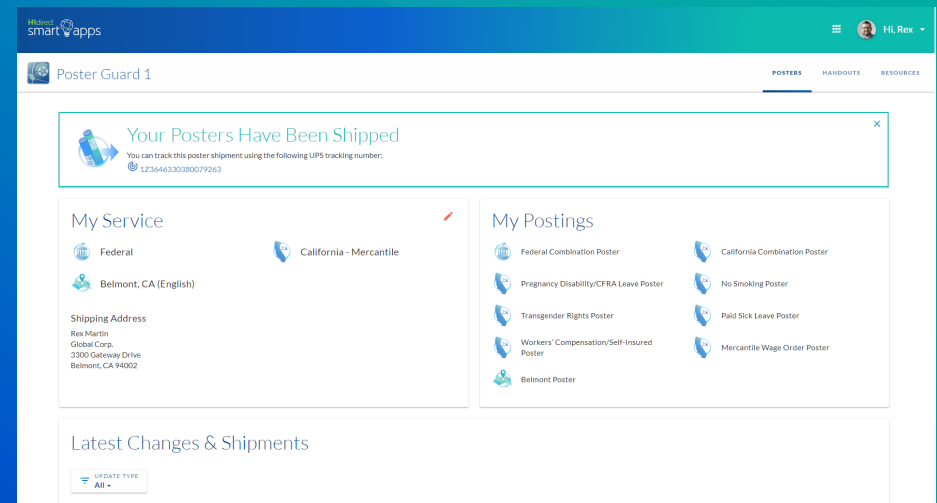
INFO

TOTAL TIME INVESTMENT:
5 minutes or less.

COST: $60/year

LEARN MORE

8 So, That's ALL I Have to Do?

"What happened to simple and efficient?" At this point, you may want to throw plates instead of spin them! Hiring a handful of employees is the only possible way to tackle all of these HR responsibilities, right?

Not true!

No additional staff is required. No huge and expensive software packages are required. Everything discussed in this guide can be achieved through easy-to-use, buy-only-what-you-need, cloud-based software solutions. It's the solution we highly recommend due to ease of use and low cost of entry.

Still, many small business owners stick with "old reliable" — manual paper processes — despite the existence of technology that streamlines HR activities. If you don't think you have the time, energy or funds to tackle new technology, just know you're not alone.

Doing it the "old-fashioned way" may be a trend for small business owners, albeit not a good one. "But it's easier that way," you say. Is it? The drawbacks to manual or outdated HR tools are plentiful:

- **They're more prone to human error, which may lead to compliance issues.** For example, if you lose track of paperwork, misfile it, or use outdated forms, you may be out of compliance with critical federal and state employment laws.

- **It takes longer to fill out forms and generate reports.** As a small business owner, you're too busy to be tied down with time-consuming and tedious paperwork.

- **Outdated systems pull you away from priorities.** You have better things to do than rifle through piles of paperwork for employees asking about remaining PTO, swapping a shift or updating a W-4 form.

- **Paper-based systems can be costly.** You have to spend money on printing, collating and filing. Safe disposal or recycling is also costly, as is shipping paper-based documents.

"Yeah, but software is scary," you say. Is it? There are a lot of myths surrounding software, such as:

- It's expensive
- It's difficult to use — not just for me but my employees, too!
- There's no time to implement it
- Storing sensitive information online isn't safe

At the end of the day, these are excuses that keep you from moving forward. By honoring these myths you're preventing your business from being more efficient and profitable.

"Okay, maybe you're on to something, but online software isn't secure," you say.

Need a few more good reasons to consider online software solutions? Keep reading.

Positives Far Outweigh the Negatives

By automating recordkeeping — as well as delegating access to certain features to both employees and managers — you will learn quickly the value of software solutions. Once you make the leap, you'll no longer need folders spread all over your desk or spreadsheets open in multiple windows on your PC. Life will get much easier.

Here are six ways HR software helps you manage your business better:

1 **Instant, anytime access.** As long as you have Internet access, you can access your HR management software any time and from anywhere in the world. Sure beats hauling filing cabinets around!

2 **More effective decision-making.** Dashboards and reporting tools provide easy access to key content and allow fast navigation to information you want, when you want it.

3 **Productivity improvement.** Automated processes are much more efficient than manual input via old-fashioned files and folders. Online scheduling and shift management provide self-service solutions for employees, moving daily management away from managers.

4 **Measurable ROI.** The initial time and effort invested to implement a new system may seem daunting, but the amount of time saved once your HR tasks are automated will be noticeable and measurable.

5 **Risk reduction.** Moving from paper systems to software-driven applications immediately reduces risk because information is centrally located and easily protected.

6 **Security.** The very best cloud-based software service providers safeguard all data through sophisticated encryption standards, multiple firewalls and multiple-location data backup to ensure consistent availability.
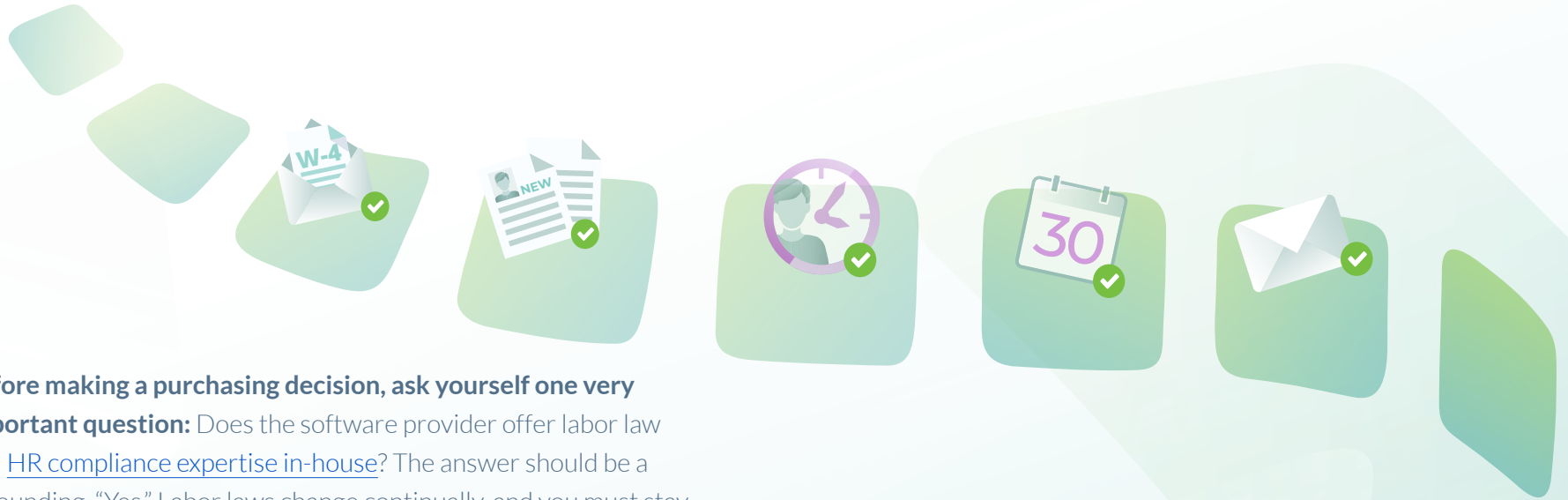
Before making a purchasing decision, ask yourself one very important question: Does the software provider offer labor law and HR compliance expertise in-house? The answer should be a resounding, "Yes." Labor laws change continually, and you must stay compliant with the latest forms, requirements and best practices. Knowing you have a team of professionals covering your back provides an added layer of security and confidence.

Last, but Not Least ...

And this may be the best advice yet: Buy just what you need. If your business only needs recordkeeping and attendance tracking tools, don't purchase a comprehensive software solution you'll never fully maximize.

Knowing you can purchase components individually means you can get your feet wet with one solution. Once you see the value of automated recordkeeping — and you will — it won't be long before you add additional tools to further streamline your HR management efforts.

Not sure if you're ready to take the next step? **We have a simple online quiz to help you decide.**

TAKE THE QUIZ

Go Forth and Conquer

HR management for small businesses is challenging — especially when you're stretched for time or not familiar with all the responsibilities. That's okay. You don't need to be an HR compliance expert to get the job done right. What you do need is access to trustworthy resources, such as this one, and sensible, compliant HR tools to help you get the job done correctly.

Remember at the beginning where I wrote, "It's kind of why we exist — to help the pain go away"? It's true. Our goal at HRdirect is to provide solutions that make sense for your small businesses' unique needs.

I'd love to hear your thoughts on this guide. Email me at feedback@hrdirectapps.com.

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About the Author

As the HR Solutions Manager, Jaime brings her multi-product management experience to forward-thinking HR processes and solutions. Her career in HR began in 2007 as an HR manager at a small marketing firm. Extremely passionate about HR, she is full of ideas to improve HR in small businesses. She is focused on developing next-generation products to replace traditional HR solutions, making HR management easier for employers.

FUN FACT: Jaime enjoys shopping for shoes and handbags, but she is also highly competitive against her friends in their fantasy football league.

JAIME LIZOTTE

About HRdirect

We aren't a software company — though we have been developing HR software for 25 years. We are HRdirect, a division of ComplyRight, Inc., dedicated to developing and delivering "Solutions for Smart Employers" since 1985.

Today, HRdirect supports business managers at more than 500,000 locations with smart solutions that let them take care of essential employee management and compliance tasks efficiently, affordably and aligned to how they want to work. Our solutions simplify complex processes and free employers from compliance worries so they can focus on their most important business goals.

HRdirect Smart Apps combine the convenience and accessibility of online software solutions with the reliability and proven effectiveness of our traditional products and services. You can have confidence in our decades of experience and our commitment to developing solutions that support the future of your business.

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