

Creating an Employee Handbook

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I have a small company that is currently growing and was wondering if I would need to create an employee handbook for the company to run by. What are some steps I could take to begin the creation of one?

Good attention to detail! An employee handbook is something that many business owners overlook in the rush of the things they need to deal with on a day to day basis – and then come to wish they had one, when problems pop up. A handbook is a tool that many owners use to protect the company from liability, to communicate better with employees, and to insure that everyone is on the same page as to what is acceptable and how things will be handled.

Let's answer a few questions for this reader: What are the reasons for creating a handbook? What do you need to think about when designing your handbook? What do you need to be aware of when preparing your handbook? Who can help you get a handbook put together?

The first stage of business ownership, entrepreneurship, is a free wheeling, opportunistic operation, where things are spoken, open to interpretation, and may vary from day to day. As the business grows and becomes more professional, more of what is expected has to be documented. Putting things in writing is one of the ways that the

business owner transitions beyond the first, entrepreneurial stage of business growth, and insures that the company has the foundation to continue to continue to grow.

Structuring the company for growth, by setting and documenting expectations, is crucial. That's where the value of an employee handbook comes in to play. Developing an employee handbook is one of the steps a business owner can take to professionalize the company.

Once the company grows beyond 10 – 20 employees, most owners find they do not have as much face to face contact with all the company's employees. Managers hire support staff, individuals work in areas that the owner doesn't focus on daily, and the owner has less time to meet personally with everyone who works in the company. Instead, the owner uses written documents, such as an employee handbook, to insure everyone has the same information and understanding of what the owner expects and considers acceptable.

Putting things in writing can also save time, by cutting down on questions people have. Cover the basics in an employee handbook, ask everyone to read the book, then refer people to the book when they have questions. You'll probably find 60% or more of the basic questions can be handled

that way. Over time, add to the handbook, as other questions come up. Make a list of items employees are asking about, where they can't find answers in the handbook. Decide who in the company is best positioned to answer the list of questions, ask them to put it in writing, and then add it to the handbook.

A handbook can also help to eliminate disagreements and misunderstandings. Clarify what the company expects, and how the company deals with employee situations and expectations. Include any remedy policies.

For example, if an employee has a dispute with a manager, and wants to take it further, how does an employee do that? You can use your handbook to define how someone escalates a concern, and then refer people to the handbook when they have a question about what to do next.

A handbook can both protect the company, and make a statement about how much the company cares about its' working relationships with its' employees. Put a handbook in writing and ask an employee to sign a statement saying he or she received and read the handbook. That makes it much harder for an employee to claim that they were never told something that is covered in the handbook. On the positive side, good employees tend to place value on efforts the company has

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made to clarify their rights, responsibilities, roles, and what's expected. Put together a high quality handbook, which advertises what you are doing to improve your employees' lives, through benefit plans, setting expectations, and defining where the company is going and how people in the company get ahead.

There are 3 essential elements to your handbook: content, clarity and consistence. Decide what information should be included in order to make your handbook useful to employees. Consider work hours, dress codes, vacation time, fringe benefits. Be aware that information in your handbook can be used in court. Make sure that your handbook is easy to read, and easy to understand. Don't try to cover everything, focus on the basics, especially as you're getting started. Length isn't what makes the handbook. Short and to the point is usually better than long and trying to cover detail.

Do be aware that you must fulfill everything that you state in your manual. For example, if you say that you will do employee performance reviews, you need to put them on the schedule and get them done. Use the manual to set expectations that you want yourself and your company to be held accountable for, in order to better foster employee relations, such as a schedule for conducting reviews. After your

handbook is drafted, check with your attorney to make sure that what you have written will not result in any unintended consequences.

State in the manual that it is not a contract of employment; again, check with your attorney on exact wording. Remove words from the manual such as shall and will; substitute words such as may, might, and could. State the consequences for violations of rules and policies. If violations could result in disciplinary actions up to and including termination, state that.

There are some short cuts an owner can take to jump start the process of creating a manual. Once the policy manual is drafted up the first time, it can be very easy to maintain. Often, it's the getting started that is a big roadblock to progress.

If you work with a payroll company or Professional Employer Organization, ask your representative if they have a handbook example. Go to the library and look up examples. Ask other business owners, who have good organizations you respect, if they have an example you could look at. Ask a staff person to research what's out there. The easiest way to get started is to find a model. There are tons of examples out there, if you look, and starting with a template can save you time, and cost.

Use your attorney to review a design, rather than draft up the whole manual. You can ask your attorney if he or she has a template you could use. Remember, your attorney will have to defend what's in the manual if things go off track. That doesn't mean that your attorney has to come up with the whole document to begin with – in fact asking your attorney to draft up a manual could be very expensive.

Looking for a good book? Try *Create Your Own Employee Guide* by Lisa Guerin and Amy Delo. Or, try *Crisp: Writing a Human Resources Manual: A Step-by-Step Plan for Developing an Employee Handbook (The Fifty-Minute series)* by Susan Brock

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