HR Basics

for Small Business

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QUICK STORY

A number of years ago, our company grew from three to nine employees in a very short period of time. As our head count approached double digits, I was troubled by a vague notion that I was supposed to do something about "HR". I knew almost nothing about HR but I suspected it was something that could bite me on the butt.

So I hired an HR consultant, a good guy who did great work for us. And I passed his work by our attorneys for review. In a few weeks I had an HR program that made sense for a small company like ours.

But I had also spent several thousand dollars (and a bunch of time) getting there.

While I was satisfied with our new HR program, when I held the costs up to the final product, my response was … Really!!?? It just didn't make sense that a small business like ours should have to spend that much money to get into compliance with HR rules and regulations.

The truth is, if I had known back then what I needed to do and what I really didn't need to do, I could have saved a lot of money.

Please keep in mind: I'm not a lawyer and I'm not an HR professional. I'm a small business owner who wanted to protect himself and his company. I didn't want a shiny, sophisticated system to talk about at cocktail parties. I wanted a practical HR program that made sense for my small business. So, here's what I consider the *HR Basics for Small Business*.

OVERVIEW

HR is a morass of laws, regulations and requirements. It's easy to get twisted up and dumped into a black hole of time and money. But for most small businesses (fewer than 50 employees) there are three basic requirements for a sensible, practical HR program.

These basic requirements are:

- *Creation and maintenance of three specific employee files,*
- *Publication of an employee handbook with certain policies, and*
- *Posting of required state and federal notices*

Without question, there is a lot more to HR than the three items listed above. But with regard to compliance with HR rules and regulations, this is where owners of a small business need to start.

Employee Files

There are three separate employee files that need to be a part of every HR program. They are:

- *I-9 File*
- *Employee File*
- *Employee Medical File*

FORM I-9 EMPLOYMENT ELIGIBILITY VERIFICATION

The law requires that you have a completed I-9 on file for each of your employees. These forms must be available for inspection by authorized U.S. Government officials. It's best to keep all I-9s in a single file.

EMPLOYEE FILE

You should create and maintain a separate file for each of your employees. This file is where you keep most of the information you collect on employees, such as:

- *Resumes and employment applications*
- *Offer letters, employment agreements or contracts*
- *Payroll information*
- *Basic employment data including W-4s*
- *Information about participation in benefit programs*
- *Awards, recognition or disciplinary documents*
- *Performance evaluations*
- *Termination documentation and exit interview information*

It's best to assume all this information is confidential, so keep these files in a secure location. Only people with a compelling business reason should have access to these files.

EMPLOYEE MEDICAL FILE

IMPORTANT NOTE: Files related to an employee's health or medical information must be kept in a separate and secure file.

You should create and maintain a separate medical file for each of your employees. This file is where you keep any information related to health or medical issues, such as:

- *Applications for insurance*
- *Notes from a doctor excusing a person from work*
- *Medical examination information*
- *Information related to disability*

Again, the employee medical file must be separate from the employee file. Keep this file secured in a locked cabinet. For small businesses, there is usually no reason for anyone (other than the owner) to have access to this file.

Employee Handbook with Company Policies

An employee handbook is the centerpiece of an effective HR program. The employee handbook explains your company's policies and procedures, and communicates your expectations to employees. A good handbook also helps to protect your company in the event of a dispute.

As with many issues surrounding HR, the policies you include in your handbook can be comprehensive to the point of being ridiculous. For most small companies, an employee handbook with the following policies makes sense:

EMPLOYMENT IN GENERAL

- *Introductory Statement – Purpose of the Handbook & At-Will Employment*
- *Equal Opportunity Policy*
- *New Hire Policy*
- *Policy Against Harassment & Discrimination*
- *Open Door Policy*
- *Confidential Information*
- *Computer Use Policy*
- *Social Media Policy*
- *Employment at Will*
- *Immigration Law Compliance*

- *Jury Duty Leave*

- *Military Leave*

- *Maternity/Paternity Leave*

- *Insurance*

- *Worker's Compensation Insurance*

- *Healthcare Continuation*

- *401K*

- *Business Expense Reimbursement*

IMPORTANT NOTE: Creating your employee handbook is a crucial first step. But it's also critical that your employees read the handbook and agree to your policies as a condition of their employment. The best practice is to ask employees to acknowledge their acceptance and to store that acknowledgement in case it's needed in the future.

Creating an employee handbook with the all the necessary policies seems like a daunting task. But there are resources available to help you get it done. A number of companies offer "Policies in a Box" software. Like everything else, these offerings vary in price, quality and time to implement.

Our product, **ReallyEasyHR** offers an *Instant Employee Handbook* with *Online Employee Acknowledgement* as a part of the **ReallyEasyHR** platform. For more information, please visit: *http://www.ReallyEasyHR.com*

Posting of Required Notices

It's almost impossible for a small business to keep up with the rules and regulations for required notices at the federal and state level. Happily, there are companies that can solve this problem quickly and inexpensively. For around $25.00 you can get a combined state and federal poster that keeps you in compliance with posting regulations. There are a number of companies that provide this service, we've had good luck with:

All In One Posters
800.273.0307
http://www.allinoneposters.com

reallyeasyHR
a complete small company HR program