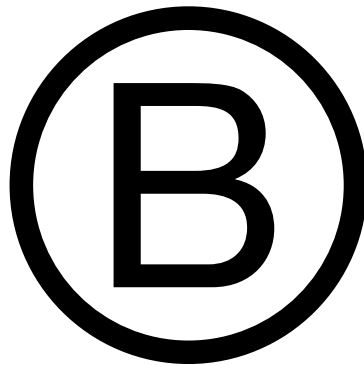


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**B Resource Guide:**  
*Creating an Employee Handbook*



# B Resource Guide:

## *Creating an Employee Handbook*

### What's in this Guide:

- I. Definition
- II. Why Have an Employee Handbook?
- III. Generic Handbook Outline
- IV. Samples and Detailed Templates
- V. Software Products

## I. Definition<sup>1</sup>

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An employee handbook is a manual that contains an employer's work rules and policies. It can also contain other information that is useful to the employee, such as the business's history, its goals, and its commitments to customers or community.

## II. Why Have an Employee Handbook<sup>2,3</sup>

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The company employee handbook is one of the most important communication tools between your company and your employees. Not only does it set forth your expectations for your employees, but it also describes what they can expect from the company.

Having work rules and policies means nothing unless employees know that the rules exist and understand them clearly. Communicating your policies or standards is important not only because it helps employees understand the rules, but documented communication of those rules makes it easier to enforce them, if necessary. So what's the best way to make sure that employees get the message about standards of conduct in your workplace? Here are some issues you need to consider:

- **When to communicate work rules:** you'll need to make sure employees are aware of the rules *before* they have the chance to break them, and you'll want to give periodic reminders as well.<sup>4</sup>
- **Oral communication of work rules:** communicating orally allows give and take between you and the employees. However, it's hard to document a conversation and be sure that you've come away from it with both parties in agreement. Oral communication is usually best for very small businesses, where the employer and employees need a lot of flexibility in dealing with each other. ***B Lab recommends oral communication alone only for companies with 5 employees or less.***<sup>5</sup>
- **Written communication of work rules:** giving employees your policies, rules, and expectations in writing has several advantages — it allows you to document that the employee was informed about the rules and, if you've



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written them correctly, it's clear what you expect. However, remember that if the rule is in writing, it will be very difficult to change.<sup>6</sup>

Employee handbooks are a way of ensuring that all employees are aware of your rules, policies and standards and gives you a way to organize the communications in one place, in print, online or both.<sup>7</sup>

The company employee handbook and related personnel policies are usually the first formal communication that you will have with an employee after they join your team. The best companies work to make sure the first impression is a good one and use the handbook as an opportunity to communicate their corporate culture. Similarly, in the event of a dispute or poor performance review, this will be the first place that the employee turns. Be sure the information is clear and informative about what will happen next.

**Note: Be aware that in legal disputes courts have considered an employee handbook to be a contractual obligation, so word it carefully. In addition, employer requirements differ by state. Be sure to have your legal counsel review your handbook.**

### III. Generic Handbook Outline

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Employee Handbooks can take various forms. We've included here a generic list of components to consider. We recommend two other resources:

- a) The United Way has created a more detailed full-text, customizable sample of an Employee Handbook. See: [http://www.supportunitedway.org/documents/SAMPLE\\_Employee\\_Handbook.pdf](http://www.supportunitedway.org/documents/SAMPLE_Employee_Handbook.pdf)
- b) Business Owners' Toolkit has created a more detailed contents list specifically for small businesses with links on different topics. See: [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5835](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5835)

#### Key Components to Writing an Employee Handbook 8

Keep in mind when developing your handbook not to include unnecessarily specific information; shorter is almost always better. Experts consider the following subjects to be the most essential ones to cover:

##### A. Company Overview.

Introduce your company with a few paragraphs about its history, growth, goals, ethics and management philosophy.

##### B. Equal Opportunity Statement.

State that an employee's religion, age, sex or race will have nothing to do with hiring, promotion, pay or benefits.

##### C. Work Hours.



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Define the work week and time allotted for lunch and breaks.

### **D. Pay and performance issues.**

Because pay issues are sensitive, it is wise not to include specific numbers or targets. General statements about when paychecks will arrive, how promotions and wage increases are handled, classification of employees (part-time, full-time, on-call) and policies on pay advances, leaves without pay, overtime and other pay irregularities are sufficient.

Also include the policy on performance review so employees will know in exactly what areas they will be evaluated and how often (i.e., on the anniversary of employment or during a set annual or semi-annual period). You may also want to state that written evaluations can be made at any time to advise workers of unsatisfactory performance. Finally, a statement about in-house vs. external hiring policies may also be appropriate in this section.

### **E. Benefits.**

Ask your insurance company for copies of their own brochures that explain your insurance policies (such as health insurance, parental or maternity leave) in detail. In addition, your handbook need only define who is eligible for insurance, how long a new employee must wait for coverage, and what portion of premium costs is paid by the company. Also list additional insurance such as dental or disability that employees can buy through the company.

Explain policies on vacation and all types of leave, including sick, military, funeral, personal, family, medical and jury duty. List paid holidays.

For ease of use, include an "Information at a Glance" section outlining your benefits packages. Include important numbers (such as group insurance numbers or the company code) and phone numbers employees can use to speak directly with benefits representatives.

### **F. Pension or profit-sharing plans.**

Discuss when and how employees become eligible, whether an employee contribution is permitted or required, and when employees become vested.

### **G. Standards of Conduct / Code of Ethics.**

One of the most important reasons to have the employee handbook is to ensure that staff members understand what you expect of them. Toward this end, detail desired behavior (such as dress and timeliness) as well as your policies on sexual harassment, racial and sexual discrimination, use of alcohol, and drugs and tobacco in the workplace (including preemployment screening and post-accident testing). This section should include information on how employees address breaches that they see as well as detailing disciplinary actions that employees should expect when the code has been breached. **(For more information, see the B Resources Guide: *Creating a Code of Ethics.*)**



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### **H. Termination.**

List the just causes for which you will fire an employee, including criminal activity, poor performance, dishonesty, security breaches, insubordination, absenteeism, company policy violations, health and safety threats and dress code infractions.

Also add the disclaimer that the handbook is not a contract, policies can be changed at any time, and all employment is “at will.” This means that the company’s relationship with employees is not a guarantee of employment, and can be terminated at any time with or without cause or notice.

Finally, outline your grievance procedure.

### **I. General information.**

This section should be geared toward new hires who may not know how to get around, at what time they’ll eat lunch, or where they should park.

Consider including these items: area maps, a parking pass, an organizational chart, phone lists, a statement regarding the confidential nature of your business, and policies addressing gifts, use of company cars, traffic tickets and personal telephone calls.

### **J. Forms.**

It is logical to have blank forms attached to the policies to which they refer. While individual businesses will need different forms, consider including blank forms regarding: sick leaves, vacations, seminar attendance, sub-contractor contracts, requests for a quotation, grievance, filing, travel reimbursement, performance reviews, pay advances and accident reports.

### **K. Reader acknowledgment.**

Protect your liability and encourage employees to read the handbook by having them sign a receipt. John Rush includes a signature card that employees sign and turn in. Another option is to include two copies of a receipt; one stays with the handbook after being signed while the other goes in the personnel file.

## **IV. Samples and Detailed Templates**

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- Online Employee Handbook examples, mainly universities, and a short list of consultants:  
<http://www.hr-guide.com/data/O23.htm>
- About.com’s Sample Human Resources Policies, Checklists, Forms, and Procedures- an excellent list of specific paragraphs and language to choose from when writing your handbook:  
[http://www.humanresources.about.com/od/policysamples/a/policy\\_samples.htm](http://www.humanresources.about.com/od/policysamples/a/policy_samples.htm)
- Full Text of Sample Intranet-Ready Employee Handbook (Matthies Law Firm, PC):  
<http://www.members.aol.com/mattlawfrm/manfull.html>



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### V. Software Products

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*(Please note our disclaimer: these listings are not an endorsement of any of these products by B Lab, they simply the results of some Internet searches we did to see what was available.)*

- BizManualz's Employee Handbook Policy Manual (\$59.95 to download a customizable Microsoft Word template) See: [http://store.bizmanualz.com/human\\_resources/Download\\_Employee\\_Handbook\\_Supplement-30-9.html](http://store.bizmanualz.com/human_resources/Download_Employee_Handbook_Supplement-30-9.html)
- Employee Handbook Store.com's 2008 Employee Handbook Template for Small Business (\$29.95 to download a customizable Microsoft Word template) See: <http://www.employeehandbookstore.com/>

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<sup>1</sup> [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5830](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5830)

<sup>2</sup> "Creating an Effective Employee Handbook" (Small Business Success Magazine):

[http://www.sba.gov/smallbusinessplanner/manage/manageemployees/SERV\\_ENGGUIDE.html](http://www.sba.gov/smallbusinessplanner/manage/manageemployees/SERV_ENGGUIDE.html)

<sup>3</sup> [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5810](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5810)

<sup>4</sup> See [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5815](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5815)

<sup>5</sup> See [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5820](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5820)

<sup>6</sup> See [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5825](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5825)

<sup>7</sup> See [http://www.toolkit.com/small\\_business\\_guide/sbg.aspx?nid=PO5\\_5830](http://www.toolkit.com/small_business_guide/sbg.aspx?nid=PO5_5830)

<sup>8</sup> This section is based largely on materials from:

<http://www.sba.gov/gopher/Business-Development/Success-Series/Vol10/handbook.txt>