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# MODULE 1: HUMAN RESOURCE PLANNING

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### TEMPLATES:

- A. Staff Forecasting Chart
- B. Employee Attributes Checklist
- C. Minimum Wage Rates
- D. Human Resource Planning Checklist
- E. Management Assessment Form
- F. Personnel Policy Manual Template

## 1. INTRODUCTION

Many business owners prepare a business plan before starting their business. However, small business owners often do not include human resource planning as part of their over-all business plan. They may start out with only a few employees or none at all. Over time, it is important to properly forecast employment needs. Just as failing to address potential threats in the marketplace can jeopardize the viability of your business, failing to anticipate personnel needs can impact on overall business success.

The success of a business is directly linked to the performance of those who work for that business. Underachievement can be a result of workplace failures. Because hiring the wrong people or failing to anticipate fluctuations in hiring needs can be costly, it is important that you put effort into human resource planning.

Planning for HR needs will help to ensure your employees have the skills and competencies your business needs to succeed. An HR plan works hand in hand with your business plan to determine the resources you need to achieve the business's goals. It will better prepare you for staff turnover, recruitment, and strategic hiring – and alleviate stress when you have emergency/last-minute hiring needs.

This module provides a detailed outline of how small business owners can develop a human resource plan. There is also a discussion of issues to consider when developing a succession plan, the plan that is needed to consider how to carry on the business, or sell the business, when the current management/ownership leaves. Tips for creating a personnel policy manual are also included.

## 2. DEVELOPING AN HR PLAN

### 2.1 Forecasting Hiring Needs

The daily demands and hectic lifestyle of business owners and managers often has an unfortunate by-product: human resource planning gets placed on the bottom of the list of things to get done. Failure to anticipate potential changes in your workforce often leads to last minute or “crisis mode” decision-making. Needless to say, quick fixes are no solution to long-term issues. Taking the time to forecast future hiring needs *today* will save you time and money in the long-run.

HR planning must be tied to the overall business plan. You can start the process by assessing the current conditions and future goals of your company. Perform these assessments regularly. Consider some of the following questions:<sup>1</sup>

- What are the company’s goals and objectives?
- Do these goals call for expansion into new markets?
- Are new product lines planned?
- Are changes in technology necessary to stay competitive?
- Will new skills and/or training be required to meet the company’s goals and objectives?

The following three-step method is designed to help you determine whether or not you are ready to hire:

1. Identify Business Strategy and Needs
2. Conduct a Job Analysis and Write a Job Description
3. Determine the Feasibility of Hiring



**Forecasting  
future hiring  
needs today  
will save you  
time & money  
in the long-run.**

<sup>1</sup> Margaret Butteriss, *Help Wanted: The Complete Guide to Human Resources for Canadian Entrepreneurs*, (Toronto: John Wiley & Sons Canada, 1999), 36.

## Step 1: Identify Business Strategy and Needs

### *Identify Pressures and Opportunities*

Consider the following internal and external opportunities and record how they may impact your business:<sup>2</sup>



- Competition: Often businesses will feel pressure to expand and hire more workers in order to remain competitive in a particular market.
- Technology: Technological advancements may increase the demand for employees in certain industries or professions.
- Increased customer demand: An increased demand for products or services may require more resources to help produce or deliver services.
- Economics: Growth of the economy or lower interest rates cause increased spending, and often increased business opportunities. Changes in the labour market impact your ability to find and keep employees.
- Workforce changes: These include resignations, terminations, leave of absences, death, change in employment status, and retirement.

### *Clarify your business strategy and direction*

Describe what your business does in terms of key functions and tasks and then describe the changes that will come into play and the direction that the business will likely take in the next few years.<sup>3</sup> If you expect to increase sales by 50% over the next five years, consider what impact that will have on your hiring needs. If you are a start-up company, consider the different sorts of employees you will need at each stage of development.

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<sup>2</sup> Monica Beauregard and Maureen Fitzgerald, *Hiring, Managing and Keeping the Best: The Complete Canadian Guide for Employers* (Toronto: McGraw-Hill Ryerson, 2000), 4.

<sup>3</sup> *Hiring, Managing and Keeping the Best*, 4.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<b>Activity</b>	Construct Facility	Produce product & ship	Expand markets
<b>Staff</b>	<ul style="list-style-type: none"> <li>▪ Construction</li> <li>▪ Supervisors</li> <li>▪ Engineers</li> <li>▪ Manager</li> </ul>	<ul style="list-style-type: none"> <li>▪ Line staff</li> <li>▪ Supervisors</li> <li>▪ Packaging</li> <li>▪ Administrative assistant</li> <li>▪ Manager</li> <li>▪ Logistics</li> <li>▪ Marketing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased line staff</li> <li>▪ Additional supervisors</li> <li>▪ Additional administrative assistant</li> </ul>

Identifying your business goals and needs will help you to predict future hiring needs, in terms of the number of employees, types of skills, and work experiences. This planning process will help you to avoid making mistakes – like hiring an employee prematurely.

*Identify aspects of the business that need help*

Once you have developed a sense of the direction your business is taking, you need to determine what human capacity your company will need in order to accomplish those goals. Identify aspects of the business that need help, and the skills and knowledge required of a new employee. When you are hiring, look for a person who has a particular set of skills – not a particular person to fill a particular job.

The following questions will help you determine how many people are required, and with what skills, to fulfill your business needs.<sup>4</sup>

- What new positions are opening up?
- What special skills (e.g. computer applications) will be needed?
- What work experience (e.g. in a particular area) will be required?
- When will new staff be needed?

**Identifying your business goals & needs will enable you to determine the kinds of employees you will need.**

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<sup>4</sup> Help Wanted, 39-40.

- When should hiring be scheduled to ensure a smooth transition?
- Does the hiring plan also provide for employee turnover and attrition?

Use the tool below to help plan your short-term and long-term staffing needs.<sup>5</sup>

Figure 1.1 Mapping Out Staffing Needs					
Functions or Tasks	People on staff currently	Additional people needed now	People needed in 6 months	People needed in 1 year	People needed in 2 and 3 years
1. Answering phones & taking orders					
2. Accounting & managing					
3. Producing & assembling					
4. Packaging, mailing & inventory					

**Step 2: Conduct a Job Analysis**

If you decide that you need additional employees to fulfill your business strategy, it is recommended that you conduct a four-step job analysis:



*1. Review your current workforce*

Describe the employees you now have in terms of their knowledge, skills, and experience and describe how they function together to get work done. Map these onto your strategic plan and describe the skills and knowledge that you will need for the anticipated new work or function. At the same time, consider how

<sup>5</sup> Hiring, Managing and Keeping the Best, 6.

the current work could be reorganized to make the best use of current and future employees.<sup>6</sup>

2. *Identify any skills and knowledge gaps*

Note any gaps between the skills and abilities your current employees have and the skills and abilities that your workforce needs to meet your business objectives in the future. To ensure that you have considered the full scope of the new position from all different perspectives, ask your current employees what they think this position would involve. The checklist below might help you identify the desired attributes of potential employees.

**Gather information from a variety of sources.**

<b>Employee Attributes Checklist <sup>7</sup></b>	
<b>Examples of Needed Skills</b>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Interpersonal</li> <li><input type="checkbox"/> Organizational</li> <li><input type="checkbox"/> Decision making/judgment</li> <li><input type="checkbox"/> Tactile</li> <li><input type="checkbox"/> Typing/word processing</li> <li><input type="checkbox"/> Plumbing</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Interviewing/counselling</li> <li><input type="checkbox"/> Roofing</li> <li><input type="checkbox"/> Verbal and written communication</li> <li><input type="checkbox"/> Leadership</li> <li><input type="checkbox"/> Problem solving</li> </ul>
<b>Examples of Needed Knowledge/Experience</b>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> About industry</li> <li><input type="checkbox"/> About product</li> <li><input type="checkbox"/> About methods</li> <li><input type="checkbox"/> About market</li> <li><input type="checkbox"/> About technology</li> <li><input type="checkbox"/> Completion of trade certificates</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Program planning</li> <li><input type="checkbox"/> Product design</li> <li><input type="checkbox"/> Languages</li> <li><input type="checkbox"/> High school/university/college</li> <li><input type="checkbox"/> Specialized training</li> <li><input type="checkbox"/> Within specific business area</li> </ul>
<b>Examples of Needed Qualities/Approaches</b>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Self-motivated</li> <li><input type="checkbox"/> Customer-oriented</li> <li><input type="checkbox"/> Team-player</li> <li><input type="checkbox"/> Flexibility/adaptability</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Innovative</li> <li><input type="checkbox"/> Results-oriented</li> <li><input type="checkbox"/> Competitive insight</li> <li><input type="checkbox"/> Detail-oriented</li> </ul>

<sup>6</sup> Hiring, Managing and Keeping the Best, 8.

<sup>7</sup> Hiring, Managing and Keeping the Best, 9.

### 3. Write a Job Description

After completing steps one and two, you can begin to draft a job description. Although many small businesses do not take the time to draft job descriptions, it is a worthwhile exercise. See Module 2: Hiring Strategies for a detailed explanation on how to write a job description.

### 4. Set an Appropriate Salary

Start by adopting a general salary range to help you determine what you will need to budget – and whether potential candidates are within your budget. You may want to complete a job evaluation, whereby you rank jobs and their corresponding salaries. Weigh the importance of critical skills and knowledge for each position, compare positions, and rank the new position on the pay scale accordingly.<sup>8</sup>

If you already employ an administrative assistant and plan to hire another, you will probably pay him/her approximately the same rate, depending on experience. If, on the other hand, you decide to create a new position and recruit an employee with a unique skill set, you will need to do a comparison between the new and existing positions.



- Is the new position more junior/senior?
- Will the new position require more specialized skills and knowledge?
- Will the position have more complex tasks and different working relationships?
- Will the new position have more or less responsibility?

The external market is another useful resource for determining salary. Look at similar positions in other organizations by checking

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<sup>8</sup> Hiring, Managing and Keeping the Best, 8.



job postings on the Internet, talking to others in the industry, reading career ads in the newspaper or purchasing salary surveys.

You may want to use the Saskatchewan Job Futures website (<http://www.saskjobfutures.ca/index.cfm?lang=en&site=graphic>) which contains information about the average annual incomes for full time, full year workers in a broad range of occupations within Saskatchewan.

## MANAGEMENT MAXIMS

### Tips for Conducting a Job Analysis<sup>9</sup>

- Ask employees about each position within the business and how they are (or are not) connected
- Ask employees if they think hiring a new employee or creating a new position would be a good idea
- Observe employees at work and earnestly ask for their ideas about better ways to operate; be prepared to put good suggestions into action
- Talk to customers about which employees are easiest to deal with or provide the best service
- Find out and understand why past employees have left – be truthful with yourself
- Talk to customers about their needs
- Understand the needs of people the new employee will be working with
- Differentiate between “nice to have” and “must have” skills and experiences
- Look at employees who are performing at a superior level and try to assess the skills and behaviours that distinguish them; look for evidence of these behaviours during the interview
- Look at similar positions in other companies and the requirements they have
- Read books or articles about companies that may have found themselves in similar situations

<sup>9</sup> Hiring, Managing and Keeping the Best, 11.

### Step 3: Determine the Feasibility of Hiring

Before you hire, you must understand (1) the costs of hiring, (2) the benefits of hiring, and (3) the risks of not hiring.



(1) When calculating the full cost of hiring a new employee you must consider:

- Labour costs, such as salary and benefits
- Recruiting costs, which may include advertising in addition to time spent on recruiting activities, orientation and training.

(2) Weigh the costs of hiring against the value of having an employee contributing to the business. Potential benefits include:<sup>10</sup>

- Improved morale of other employees, if a departing employee was a problem or if the area has been understaffed for some time
- Improved morale of existing staff if the growth means new business and opportunities
- Improved productivity if a departing employee was not productive or if employees believed that you have made the decision to hire as a result of their input
- Increased revenues once a new employee is performing at an acceptable level
- A new employee who is more qualified than current employees can help train the existing employees
- Increased customer satisfaction and potentially saved business



(3) Some of the potential risks associated with choosing not to hire despite the need for additional staff include:<sup>11</sup>

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<sup>10</sup> Hiring, Managing and Keeping the Best, 18.

<sup>11</sup> Hiring, Managing and Keeping the Best, 18.

- Loss of revenues because of an inability to keep up with demand
- Loss of employees because they are unwilling to continue being overworked or to do the work of a departed employee
- No new ideas or knowledge brought in through new employees

If you decide that hiring a new employee is feasible, you are ready to begin the recruitment process (see Module 2: Recruitment). If not, you might need to revisit your strategic plan or business objectives.

Use the checklist on the following page as you carry out the human resource planning process.

**If hiring is feasible, you are ready to begin the recruitment process.**

### Human Resource Planning Checklist<sup>12</sup>

#### **Step 1: Identify Business Strategy and Needs**

- Identify pressures and opportunities
- Clarify your business strategy and direction
- Identify aspects of the business that need help

#### **Step 2: Conduct a Job Analysis and Write a Job Description**

- Review your current workforce
- Identify any skills and knowledge gaps
- Write a job description
- Set an appropriate salary

#### **Step 3: Determine the Feasibility of Hiring**

- Understand the costs of hiring
- Understand the benefits of hiring
- Understand the risks of not hiring



**Remember:** *There should be a strong relationship between how many additional employees you hire and how much of an increase in sales, production, etc. that you can expect.*

<sup>12</sup> Hiring, Managing and Keeping the Best, 18.

The brief scenarios that follow will walk you through different steps of the human resource planning process. In HR Scenario 1, the owner of Wood Works executes step one of the process. Identifying her business strategy and needs helped her determine her hiring needs.

In HR Scenario 2, the manager of Fenmore Children's Clothing Company executes steps one through three in order to determine how she should respond to an employee's resignation – and the possibility of switching to an automated manufacturing process.

<b>HR Scenario 1: Identifying Business Strategy &amp; Needs<sup>13</sup></b>	
<b>Company Name: Wood Works</b>	<b>Owner: Brenda Parade</b>
<p>Brenda Parade owns and operates Wood Works, a small business. She produces wood home decoration items including frames, clocks, and vases. Recently the company has been selling significantly more clocks and her research indicates that the United States is an untapped market for all of her products.</p> <p>Brenda makes products in her garage. She has one part-time helper to assemble and package products. Her roommate helps with accounting and shipping. She can barely keep up with the orders that are currently coming in.</p> <p>Wood Works currently only sells in Alberta and British Columbia. Her limited resources limit her profitability. Brenda wonders if she should be looking for another employee. She considers her business objectives and needs:</p> <ul style="list-style-type: none"> <li>▪ <b><i>She identifies pressures and opportunities:</i></b> The company is facing increased demand for all products, especially the clocks. The demand is expected to continue over the medium to long term. There is an untapped market for wood products in the United States. Brenda is slipping behind on orders.</li> <li>▪ <b><i>She clarifies her business strategy and direction:</i></b> Brenda wants to increase production of clocks to keep up with increasing demand. She also wants to investigate alternatives for more efficient distribution of products and explore options for expanding into the United States over the next three years. She also intends to continually develop new products and attend large gift shows to be able to reach more retailers.</li> <li>▪ <b><i>She identifies aspects of the business that need help:</i></b> Brenda needs help immediately with assembling and distributing clocks. She also needs to think about better ways to produce clocks quickly. With increased sales, she will need more help with accounting and distribution. In order to expand to the United States she will need to know more about that market. She also needs to free up more of her time so that she can develop new products. She also needs someone who can work at gift shows. Brenda would also like to take a holiday and leave someone else in charge.</li> </ul> <p>Brenda decides, based on her analysis, to hire a full-time person on a one-year contract to assemble more products. This will allow her to investigate more efficient alternatives to production and decide if the person is required long-term.</p> <p>She also decides to outsource the accounting tasks to a professional accountant and have her roommate focus her efforts on packaging and shipping. Brenda will then have more time to consider an expansion into the U.S.A.</p>	

<sup>13</sup> Hiring, Managing and Keeping the Best, 4-5.

## HR Scenario 2: Planning for Change<sup>14</sup>

### Company Name: Fenmore Children's Clothing Company

Janet runs a small children's clothing manufacturing company. John, one of two order clerks, has just told her that he is moving to a new city at the end of the month. His position is critical to the business so she feels she must quickly replace him. However, she is hesitant.

Two years ago, Janet had five employees. She now has 10 employees yet business has only increased by 10 per cent. She has a feeling that some employees are not as busy as they could be. She now has two choices: quickly hire a replacement to do the same work as the departing employee or do an assessment of her business needs, shift other employees and look for a person who will fill a new position that truly fits her business needs.

#### **Step 1: Identify Business Strategy and Needs**

Janet has identified both external and internal pressures and opportunities. To remain competitive, Janet must use new technologies in the manufacturing process. This means purchasing new equipment, as well as hiring a qualified technician to operate the new equipment. Her sewers and cutters are busy all the time but the packers are only busy when enough product is available to be shipped. The two order clerks are also not consistently busy because orders come in sporadically. Janet's strategy is to continue to grow revenues at 10 percent each year by introducing more innovative and efficient processes.

#### **Step 2: Conduct a Job Analysis and Write a Job Description**

Janet believes that if she automates the current manual manufacturing process, she will need one less employee within the year. She decides to shuffle John's duties to the other order clerk and one of the packers, who have the necessary skills and are able to absorb the additional duties. She quickly identifies that even with this shift she still needs a technician since no one internally has the necessary skills. In addition, she feels it is not likely her existing staff could acquire these skills in the short term to medium term.

Since the technician position is new, she does not have an existing job description. She begins to draft one, identifying what she requires of all her employees (customer-service orientation, ability to work independently, team players, previous industry-related experience). She gathers information on the position by networking with others in the industry and talking with the equipment supplier regarding requirements of an operator. She also speaks to her employees. She makes calls to people she knows in the industry to determine the appropriate salary level.

#### **Step 3: Determine the Feasibility of Hiring**

Janet is able to provide a strong business case for her hiring decision. She will not incur any additional salary expenses since the new position will replace John's. She will incur an additional expense with the purchase of the new equipment and some training of employees, but these expenses will be paid for with additional revenues by the end of the first year. Her revenues in the years following implementation of the new equipment are expected to double. Janet believes she is ready to hire.

<sup>14</sup> Hiring, Managing and Keeping the Best, 7-8.

## 2.2 Employment Arrangements

Once you have determined that hiring new staff is desirable and feasible, you must decide what type of employment arrangements would best suit your company. Consider the following questions:



*Are there candidates in-house or is an external search required?*

When mapping out your HR requirements for the coming months or years, determine whether or not any of your current employees might be suitable for these newly created positions.

*Will training be provided, or will candidates be required to have the skills needed for the position?*

Training is often required when a particular skill is needed or there is a shortage of qualified people. Many companies prefer to hire people who already have the skills in order to avoid training costs.

*Will the position be full-time, part-time, or contract?*

Your decision to hire full-time, part-time, seasonal, temporary, peak, contract employees or independent contractors should depend primarily on the type of work and the timing of the work. You should also consider the payment structures; full-time employees are more likely to require benefits than part-time and contract people.

Employer Needs / Requirements <sup>15</sup>	Full-time/ Part-time	Fixed Term
Long-term commitment	X	
Short-term commitment		X
Budget supports salary	X	
Limited budget		X
Long-term teamwork required	X	
Long-term teamwork unnecessary		X
Work must be performed on a regular basis	X	
Work need not be performed on a regular basis		X
Specialized skills needed are core to business	X	
Specialized skills needed are not core to business		X
Trial / probation period desirable		X
Fill in for permanent employee leave of absence		X

<sup>15</sup> Hiring, Managing and Keeping the Best, 102.

## 3. SUCCESSION PLANNING

### 3.1 Non-Family Succession

Succession planning is a process that is often neglected by small business owners. This is understandable when day-to-day operations are *more* than enough to keep you busy. The thought of losing control of your business – whether due to illness, death, or other factors – is unpleasant. However, the reality is that people age and accidents happen. By planning for succession or by considering your business exit strategy, you will also give yourself the freedom to voluntarily step away from your business to pursue other interests – if you so choose.

If you want your business to survive beyond you, planning for changes in management is crucial. By keeping all business responsibilities in your own hands, you put the sustainability of your business in jeopardy. Succession must be managed for all significant positions in a company – not just owner(s) or senior manager(s). Business processes and institutional memory should be passed along not only at the ownership and executive levels, but also on the supervisory, professional, and skilled levels.<sup>16</sup>

The founder/owner has the power to suit his or her beliefs and values when choosing a method of succession. Some may decide to sell the business, while others may maintain an arm's length relationship with the business as the board chair. You have the option of grooming talent within your organization or looking outside of the business to find managers with the necessary qualifications.

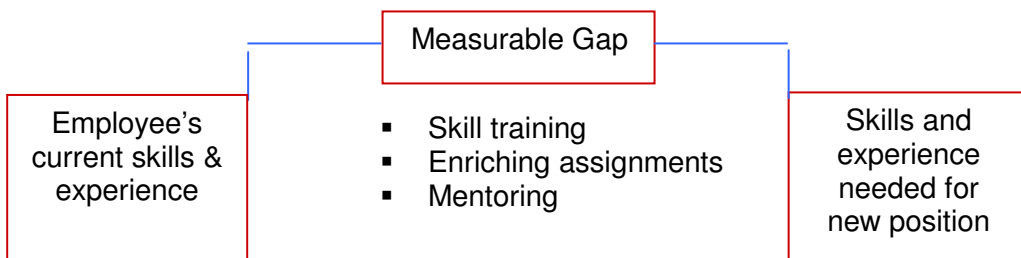
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<sup>16</sup> Help Wanted, 212.



It is wise to start the planning process by identifying your business's existing competencies. You should then evaluate and assess current employees to determine how they match up to organizational needs. Coaching, mentoring, training, and recruiting methods can be used to fill gaps – and prepare your staff for future responsibilities.<sup>17</sup>

### Training Employees to Take on New Roles<sup>18</sup>



<sup>17</sup> Kevin Butler and Dona E. Roche-Tarry, "Succession Planning: Putting an Organization's Knowledge to Work:  
<<http://www.nature.com/cgitaf/DynaPage.taf?file=/nbt/journal/v20/n2/full/nbt0202201>>

<sup>18</sup> Harvard Business School, *Harvard Business Essentials: Hiring and Keeping the Best People* (Boston: Harvard Business School Press, 2002), 105.

Fill out the manager assessment form below to determine the potential of the managers you currently employ.

Assessing Management Staff
Name and service time:
Brief personal history:
Education:
Work experience:
Management experience:
Positions held here:
Personal goals:
Hobbies:
Unused skills:

**Word of Advice:**



*There are various ways to handle succession, each with its own difficulties and benefits. It may require a long time to determine which method is best for your business. Once you have settled on a method, its implementation will be a continuing task. Succession must not be left to the last moment.*

### 3.2 Family Succession

Family succession is a critical issue facing our country's economy. Canada's more than one-million family-owned businesses generate more than 45 percent of the Gross Domestic Product (GDP) and provide a paycheque for about half of all working Canadians.<sup>19</sup> Succession planning will become increasingly important as Canada's baby boomers reach retirement.

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<sup>19</sup> Help Wanted, 212.

The majority of family-run businesses don't make it to the third generation as a result of "family-related issues." Some of these issues include:<sup>20</sup>

- Splitting the business or giving it to unsuited persons out of the desire to be fair to children.
- Simply assuming that children will go into the business, but failing to develop a program to familiarize them with it and develop their interests and skills.
- Not developing corporate culture, business plans, and job descriptions that family successors understand, agree to, and develop competence for.
- Allowing family dynamics to control meetings and communications that are supposedly for business purposes.
- Giving in to financial demands from family heirs that are bad for business.

There is no fool-proof model for succession planning; you will need to customize your approach to meet your specific needs. There are, however, some strongly recommended dos and don'ts:

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<sup>20</sup> Help Wanted, 213.

<b>Succession Planning Dos and Don'ts <sup>21</sup></b>	
<b><u>DO</u></b>	
<ul style="list-style-type: none"> <li>▪ Start planning now. It is <i>never</i> too early to think about succession.</li> <li>▪ Communicate openly at all times with all family members about plans.</li> <li>▪ Develop a long-term vision of what you want to happen. <i>Write it down.</i></li> <li>▪ Address the issue of fail vs. equal division of the business early on.</li> <li>▪ Help develop the skills, abilities and knowledge of the next generation.</li> <li>▪ Prepare a legal will early.</li> <li>▪ Develop a general plan for the transfer of assets.</li> <li>▪ Enroll a lawyer and an accountant to fine-tune your plans.</li> </ul>	
<b><u>DON'T</u></b>	
<ul style="list-style-type: none"> <li>▪ Procrastinate and put off discussing succession. Start <i>now</i>.</li> <li>▪ Feel that the succession plan has to treat all children equally; fair does not mean equal.</li> <li>▪ Be afraid to ask questions and listen carefully to the answers.</li> <li>▪ Hold on to control of all aspects of the business.</li> <li>▪ Feel both generations must have the same value sets.</li> <li>▪ Define your life as the business. There is more to life than work.</li> <li>▪ Rely on just one professional advisor.</li> </ul>	

Unfortunately, many family business owners fail to develop a succession plan. It is critical that the owner writes down his or her future plans. Otherwise, this information is lost if circumstances render him or her incapable of continuing with the business.

Often, family-businesses plan for Joint-CEOs to be the successors. This is seldom a result of careful planning. Rather, it often results from a reluctance to choose among family members, a fear of provoking arguments, or the desire to please everyone. In order for your business to survive, you must handle it as a business.

<b>MANAGEMENT MAXIMS</b>	<p><b>Secrets of Success in Succession Planning <sup>22</sup></b></p> <ul style="list-style-type: none"> <li>▪ Start planning early.</li> <li>▪ Think of the family business as an asset, not just an operation.</li> <li>▪ Let family members have a free choice on whether or not to enter the business while you still manage it.</li> <li>▪ Get professional help for the transition process.</li> </ul>
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<sup>21</sup> Government of Ontario, <[www.gov.on.ca/OMAFRA/english/busdev/facts/99-045.htm](http://www.gov.on.ca/OMAFRA/english/busdev/facts/99-045.htm)>.

<sup>22</sup> Help Wanted, 216.

## 4. CREATING A PERSONNEL MANUAL

The best way to ensure that your employees understand your workplace policies is to communicate them both verbally and through a written document. This document need not be lengthy or elaborate. Simply outline your business's rules and expectations in a clear and concise way. Even a sentence or two will do!

A sample table of contents for an employee handbook is included on the following page. The topics included are simply suggested areas of discussion. You should include the information most critical to *your* work environment. It is a good idea to include a page (preferably at the beginning of the booklet) that explains the employee's responsibility to read and understand the policy – and requests employee signatures.

A quick and easy employee handbook template is included at the end of this module. Please consult the publication *Rights and Responsibilities: A Guide to Labour Standards in Saskatchewan* to clarify matters such as hours of work, overtime pay, and so on.

**Include the information most critical to your work environment.**

# Employee Handbook and Human Resource Policies

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- 2.0 Office Expectations**
  - 2.1 Hours of Work
  - 2.2 Standards of Conduct and Performance
  - 2.3 Attendance
  - 2.4 Use of Company Property
  - 2.5 Dress Code
  - 2.6 Safety Rules
  - 2.7 Lunch/Coffee Breaks
  - 2.8 Sexual Harassment
  - 2.9 Smoking
- 3.0 Pay Policies**
  - 3.1 Salary/wage
  - 3.2 Pay Periods
  - 3.3 Benefits
  - 3.4 Perks
  - 3.5 Reporting Hours of Work
  - 3.6 Shift Differential
  - 3.7 Overtime Pay
  - 3.8 Making Up Time
  - 3.9 Lateness
- 4.0 Leave Policies**
  - 4.1 Vacations and Holidays
  - 4.2 Sick Leave/Personal Leave
  - 4.3 Maternity and Parental Leaves
  - 4.4 Worker's Compensation
  - 4.5 Bereavement Leave
  - 4.6 Jury Duty
  - 4.7 Leave for Religious Observances
  - 4.8 Time Off for Voting
  - 4.9 Leave of Absence Without Pay
- 5.0 Termination Policies**
  - 5.1 Retirement
  - 5.2 Layoff for Lack of Work or Funds
  - 5.3 Termination for Poor Performance or Failure to Comply with Company Policies
  - 5.4 Termination Procedures
- 6.0 Wage and Salary Administration**
  - 6.1 Salary Administration Program
  - 6.2 Annual Performance Review

The following "Employee Responsibility" handbook page has been provided by the Online Women's Business Center. A number of sample pages and useful handbook writing tips can be found at [http://www.onlinewbc.gov/docs/manage/hrpol\\_idx.html](http://www.onlinewbc.gov/docs/manage/hrpol_idx.html).

**XYZ Corporation, Inc.  
EMPLOYEE HANDBOOK**

This employee handbook has been prepared for your information and understanding of the policies, practices and benefits of XYZ Corporation. PLEASE READ IT CAREFULLY. Upon completion of your review of this handbook, please sign the statement below, and return to your personnel representative by the due date. A reproduction of this acknowledgment appears at the back of this booklet for your records.

I, \_\_\_\_\_, have received and read a copy of the XYZ Corporation Company (The Company) Employee Handbook which outlines the goals, policies, benefits and expectations of The Company, as well as my responsibilities as an employee.

I have familiarized myself, at least generally, with the contents of this handbook. By my signature below, I acknowledge, understand, accept and agree to comply with the information contained in Employee Handbook provided to me by The Company. I understand this handbook is not intended to cover every situation which may arise during my employment, but is simply a general guide to the goals, policies, practices, benefits and expectations of The Company.

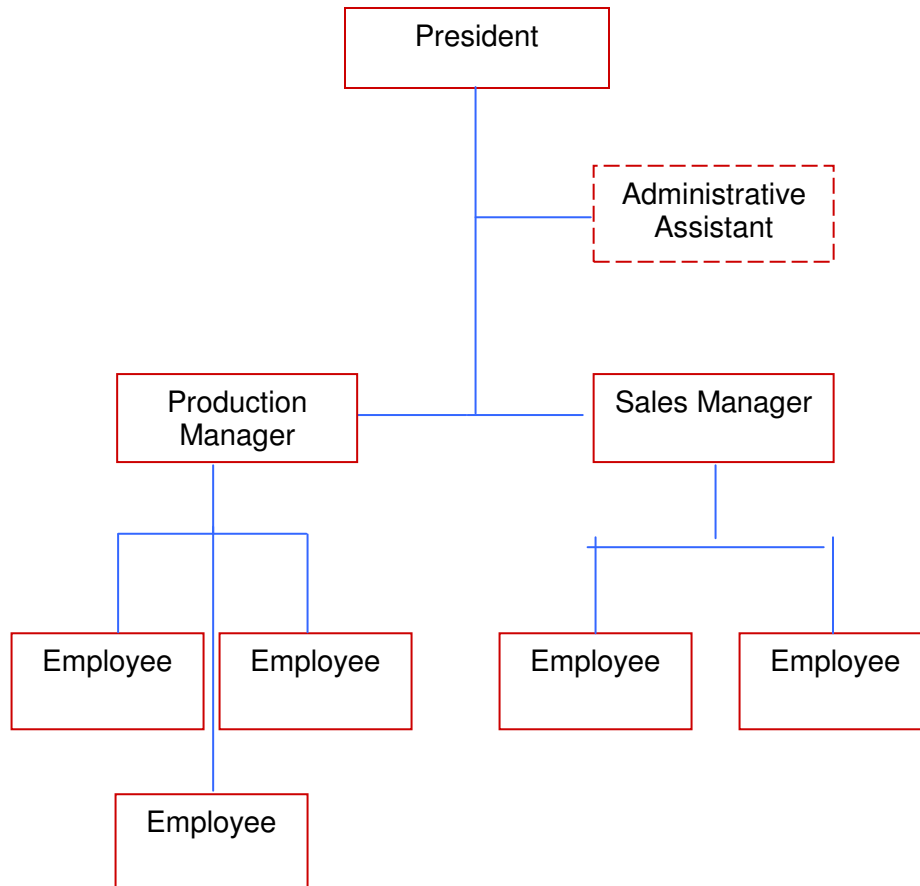
I understand that The Company Employee Handbook is not a contract of employment and should not be deemed as such, and that I am an employee at will.

\_\_\_\_\_  
(Employee signature)

Please return by: \_\_\_\_\_

(Date)

It may be a good idea to include a simple organization chart (such as the one below) in your employee handbook. Organizational charts clarify lines of communication and authority and shows who reports to whom.



Although drafting a personnel policy handbook may involve a time commitment initially, it will save you time and stress in the long-run. It will reduce your need to clarify questions and concerns with employees on an individual basis. Clear communication of policies and expectations is vital to successful human resource management not only during an employee's first weeks and months, but throughout the duration of his or her time with your business.



## 5. CONCLUSION

Because your employees play such a critical role in your business's successes, it is important that you put thought and careful planning into your human resource practices. Remember that your human resource plan should correspond with your business plan. For example, if you anticipate 25% growth in sales in two years, you must consider how that will affect your workplace and human resource needs.

Human resource planning is an ongoing process. You must continually monitor and forecast personnel needs and concerns. Likewise, if you would like your business to continue after your retirement, you should make a commitment to forecasting future *management* needs. Human resource planning is something that you can learn and improve on through experience and effort.

## STAFF FORECASTING CHART

Mapping Out Staffing Needs					
Functions or Tasks	People on staff currently	Additional people needed now	People needed in 6 months	People needed in 1 year	People needed in 2 and 3 years
1. Answering phones & taking orders					
2. Accounting & managing					
3. Producing & assembling					
4. Packaging, mailing & inventory					

## EMPLOYEE ATTRIBUTES CHECKLIST

<b>Employee Attributes</b>	
<b>Examples of Needed Skills</b>	
<input type="checkbox"/> Interpersonal <input type="checkbox"/> Organizational <input type="checkbox"/> Decision making/judgment <input type="checkbox"/> Tactile <input type="checkbox"/> Typing/word processing <input type="checkbox"/> Plumbing	<input type="checkbox"/> Interviewing/counselling <input type="checkbox"/> Roofing <input type="checkbox"/> Verbal and written communication <input type="checkbox"/> Leadership <input type="checkbox"/> Problem solving
<b>Examples of Needed Knowledge/Experience</b>	
<input type="checkbox"/> About industry <input type="checkbox"/> About product <input type="checkbox"/> About methods <input type="checkbox"/> About market <input type="checkbox"/> About technology <input type="checkbox"/> Completion of trade certificates	<input type="checkbox"/> Program planning <input type="checkbox"/> Product design <input type="checkbox"/> Languages <input type="checkbox"/> High school/university/college <input type="checkbox"/> Specialized training <input type="checkbox"/> Within specific business area
<b>Examples of Needed Qualities/Approaches</b>	
<input type="checkbox"/> Self-motivated <input type="checkbox"/> Customer-oriented <input type="checkbox"/> Team-player <input type="checkbox"/> Flexibility/adaptability	<input type="checkbox"/> Innovative <input type="checkbox"/> Results-oriented <input type="checkbox"/> Competitive insight <input type="checkbox"/> Detail-oriented

## MINIMUM WAGE LEVELS

<b>Current Minimum Wage Levels Across Canada<sup>*23</sup></b>		
<b>Jurisdiction</b>	<b>Hourly Rate</b>	<b>Effective Date</b>
Nunavut	\$8.50	March 3, 2003
British Columbia	\$8.00	November 1, 2001
Quebec	\$8.00	May 1, 2007
Yukon	\$8.37	April 1, 2007
Ontario	\$8.00	February 1, 2007
Manitoba	\$8.00	April 1, 2007
<b>Saskatchewan</b>	<b>\$8.60</b>	<b>May 1, 2008</b>
Northwest Territories	\$8.25	December 28, 2003
Prince Edward Island	\$7.50	April 1, 2007
Nova Scotia	\$7.60	May 1, 2007
New Brunswick	\$7.25	July 1, 2007
Newfoundland	\$7.50	October 1, 2007
Alberta	\$8.00	September 1, 2007

\* These are the general minimum wage rates in each jurisdiction – some have different rates based on regional and occupational considerations and some have lower rates for students, inexperienced workers, and/or employees receiving gratuities.

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<sup>23</sup> Saskatchewan Labour, <[www.labour.gov.sk.ca/MinWageCan/](http://www.labour.gov.sk.ca/MinWageCan/)>



## HUMAN RESOURCE PLANNING CHECKLIST

### **Step 1: Identify Business Strategy and Needs**

- Identify pressures and opportunities
- Clarify your business strategy and direction
- Identify aspects of the business that need help

### **Step 2: Conduct a Job Analysis and Write a Job Description**

- Review your current workforce
- Identify any skills and knowledge gaps
- Write a job description
- Set an appropriate salary

### **Step 2: Determine the Feasibility of Hiring**

- Understand the costs of hiring
- Understand the benefits of hiring
- Understand the risks of not hiring

**MANAGEMENT ASSESSMENT FORM**

<b>Assessing Management Staff</b>
Name and service time:
Brief personal history:
Education:
Work experience:
Management experience:
Positions held here:
Personal goals:
Hobbies:
Unused skills:

## PERSONNEL POLICY MANUAL TEMPLATE

### 1.1 Employee Responsibility

This employee handbook has been prepared for your information and understanding of the policies, practices and benefits of XYZ Corporation. PLEASE READ IT CAREFULLY. Upon completion of your review of this handbook, please sign the statement below, and return to your personnel representative by the due date. A reproduction of this acknowledgment appears at the back of this booklet for your records.

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I understand that The Company Employee Handbook is not a contract of employment and should not be deemed as such, and that I am an employee at will.

\_\_\_\_\_  
(Employee signature)

Please return by: \_\_\_\_\_  
(Date)

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1.2 About the Company

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1.3 Company Mission, Values & Beliefs

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1.3 Statement of Non-Discrimination

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**2.0 Office Expectations**

2.1 Hours of Work

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2.2 Standards of Conduct & Performance

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2.3 Attendance

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2.4 Use of Company Property

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2.5 Dress Code

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2.6 Safety Rules

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2.7 Lunch/Coffee Breaks

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2.8 Sexual Harassment

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2.9 Smoking

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**3.0 Pay Policies**

3.1 Salary/Wage

3.2 Pay Periods

3.3 Benefits

3.4 Perks

3.5 Reporting Hours of Work

3.6 Overtime Pay

3.7 Overtime Pay

3.8 Making Up Time

3.9 Lateness

**4.0 Leave Policies**

4.1 Vacations and Holidays

4.2 Sick Leave/Personal Leave

4.3 Maternity and Parental Leaves

4.4 Worker's Compensation

4.5 Bereavement Leave
4.6 Jury Duty
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<b>5.0 Termination Policies</b>
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5.2 Layoff for Lack of Work or Funds
5.3 Termination: Poor Performance or Failure to Comply with Policies
5.4 Termination Procedures
<b>6.0 Wage and Wage Administration</b>
6.1 Salary Administration Program
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