



The Basics of HR for Small Business – Episode 24

Speaker 1: 0:05

Hello every , everyone. My name is Mark Mitford, and I'm the managing director and founder of HR Catalyst Consulting. I started the firm in 2013, so we're celebrating our 10 years , uh, 10th anniversary this year. And our focus and purpose is to help companies like yourself actually help you to create and implement a people strategy within your business to be able to support your growth and be able to help you scale your business to that next level of success. So with that, let's just go ahead and jump into our slides. What we're go gonna talk about, as I mentioned a couple of seconds ago, is the 10 most common HR mistakes for small business. And we have run into this with our clients over the years. Within 10 years, we have worked with hundreds and hundreds of clients, and it's amazing to see that there are a very, there's a lot of common commonality and correlation to these 10 biggest things that they get , um, that they really struggle with from an HR perspective and that we can help them with. So with that, I'm just gonna jump right into the slides here so we can get started. In most cases, these are very unintentional mistakes, but what we do is we actually act as fractional strategic HR consultants. And so we're here to help them because these mistakes are usually not ones that are intentional, they're very unintentional, and they just mis just unknowingly stray from HR laws or HR best practices. And this is, again, something that's done very innocently, but it can really come back to either hurt you , uh, from a legal perspective or also just not be able to help you optimize your business. So number one of the , uh, the HR mistakes, and this is one we see time and time again with clients, is really the, the poor or inconsistent type of hiring and selection process. Most of the time, managers and leaders within the organization, whether it's uh , 50 employees or even three, 400 employees, they've never been taught a very consistent way to actually interview people. And there's no consistent selection process for hiring people. And a lot of cases it's done very haphazardly, very disjointed. So what we try to help with is really creating interview guys that are, that are , uh, consistent that'll ask the baseline questions and put these in tools and templates. And that also we can even train managers on how to interview successfully the right questions to ask, how to take the appropriate amount of notes, how to keep things like that going. Because if you don't have a consistent hiring process,

guess what, sometimes you will be able to find a perfect fit, but most of the time you won't. And so what you'll run into is you'll end up to, you might be hiring A players, B players, C players, and sometimes D players . So it's really, really important for you to have a hiring process that is consistent, because if you're not bringing in the right type of candidates in the door for day one, then chances are within three months, six months, 12 months, a lot of those people will, will either leave or you'll actually be looking at , uh, terminating them because they really were not the right fit for the organization. So having a proper and consistent hiring sign selection process is really, really critical. The next one we run into is also around missing vague or outdated job descriptions. And it's truly amazing. Sometimes job descriptions either have not been made ever within an organization and as an organization grows, of course it's simple when it's five or 10 employees because everybody pretty much intuitively knows what everyone else does. But as the company grows from five to 10 to 20 to 30 to a hundred employees, you find that a lot of times people are still doing very similar roles, but you in some cases, worst cases, you have three or four people doing exactly the same thing and they, they're stepping on each other's toes, kind of tripping over each other. There's not a common flow how business processes work. So even though it sounds so fundamental, we all know what we do. Market's not that big a deal. Well, when it gets down to it, we help companies that are , uh, working with a company right now it's about 12 or 15 employees where they're going back and redoing their job descriptions because they found as they grew and they've, and they, and they continue to grow, they're finding a lack of, in lack of consistency and also a lot of duplication of what people do. So having some of the basics, and again, we can help if that's a needed service for you, is helping you either retool you on how to equip you to do job descriptions that are crisp and concise and or we can help you do that or we can do those for you if you needed to, but, or you can do those yourself. So your call. But definitely having job descriptions that are current and accurate is critical. It's also very critical as you grow. But because some positions could go from hourly to salary positions, and that's really critical because in a lot of the companies we work with, there's a lot of confusion as to when you convert somebody over to salaried versus an hourly position, and that if that's not done correctly on a widespread basis, that could lead you into a tremendous amount of hot water legally with the Department of Labor and also cost you a lot of money. So it's really critical to get these right. The next thing, and, and sometimes this is one of the biggest things that we focus on and we help clients work through, is the lack of training or development or equipping your people, managers, your leaders to be successful. I, I used to work years and years ago when I started my HR career, I worked with very name brand companies that were in the Fortune 500 space, and they literally poured millions and millions of dollars into their leadership development, succession planning, leadership coaching. Of course, in a company that makes 5,000,020 million, that's not feasible to pour millions of dollars into coaching

people, but you still need to equip your managers to be successful. It's just like if you tell somebody to do a , a , a critical job. An organization we're working with now is , um, an , an organization that has a lot of welders. If you teach somebody, if you tell somebody to go weld something, here's a welding torch, here's some gloves and here's some steel, good luck, it's not gonna be successful and there's a great chance they're gonna really injure themselves, worst case or they're just not gonna do a , a good quality job. Same thing with people, managers, it's a skill. Managers can be turned into leaders and can be very competent in what they do. But unless you equip them with the tools and the basics there of how to give and receive feedback, how to do disciplinary actions in a respectful and trustful ways, how to build a proper team, how to create trust in the organization, unless you equip people to do that through some sort of training mechanism, the chances are they're not gonna be successful. Worst case is they're gonna suboptimize their team, they're gonna have a lot of employee turnover. The number one reason, which is really critical, the number one reason people leave an organization spend the same for probably 10, 20 years. They don't even have a trust, a lot of trust or respect for their manager, their direct manager. So it doesn't matter how good your leadership team is, your C level team is, if you do not have a lot of trust and respect for your first level manager, your boss, then the chance of that person leaving is much, much greater. And a lot of times it's done. It's not done because the person has something out for that individual, it's done because they've never been equipped and never given the tools to be successful in the people manager role . So equipping people to develop their people managers is also a wonderful thing. We have a modular program that's very cost effective that we be happy to talk to you with, if that made sense to give some of the basic tools. Just be thinking about any, any kind of a skill, any trade needs, tools, it doesn't matter if you're a knowledge worker or you work as a carpenter or a welder or you , um, you work in the construction industry, you still need basic tools to do your job. That's very similar to leadership. You need basic tools to be able to do your job successful. So make sure you focus on getting that done for your people managers as soon as possible. HR mistake number four, not having a performance review process that's formalized, that is really tick and tied , that's consistent because we, and, and I may sound like I'm beating a drum here, but a lot of the companies we deal with as our clients, they have never done a formal review process. These things are either reviews are either non-existent or they are done in a very poor fashion, very informally. So some managers do them and, but there's no documentation. Some managers don't do them cuz they don't wanna meet with the employees. And so there's nothing around a formalized process, a cycle of doing re reviews on a, excuse me, nothing about doing reviews on a quarterly process, semi-annual, annual basis. Nothing about a formalized process to give and receive feedback to employees who are doing great in some areas, but also need development in other areas. So making sure you have a review process that's systematized, that's done on a quarterly, semi-

annual or annualized basis is critical. So it's one of those things too. And a lot of the organizations we run into, they're either done inconsistently or they're not done at all. And that's not a good thing for both the company or the employee who deserves to receive the feedback. Number five, for HR mistakes, no employee onboarding process. For new hires, that's so critical that the onboarding, let's define the onboarding process first and foremost. So onboarding in our mind is about a three month, 12 week process to onboard somebody. If you do a bad onboarding process, a lot of companies say, well, onboarding, I do that in day one. We do all the stuff we do all of the paperwork, we take the employee out to lunch with the manager and the team, we show them where their desk is and give them, get 'em on their, their computer or where their work area is and that's, that's, then they're onboarded, right? And I'm like, absolutely not. Remember I just said a couple of seconds ago, onboarding is a 12 week very intentional process to help that person to become integrated into the culture of the company. And without that process, the chance of that individual, that employee leaving the company is about four to five times greater within the first year than if you actually have an onboarding process. So think about an onboarding process, absolutely, it takes time. Everything you do takes time. If you're trying to work out, if you're trying to lose 30 pounds for the new year, we're in the beginning. We're in January, 2023 right now. If you're trying to lose 25 pounds this year as a goal over the next six months or whatever the number is, and you're like, well, I'm just going to not eat as much and maybe I'll go for a walk occasionally, if that's what your game plan is, I'd almost guarantee that's not gonna be successful. If you don't have a game plan to do that, it's not gonna be such a successful outcome. Very similarly, if you don't have a template, if you don't have a process to do onboarding, I'll guarantee you that the process, you're, that employee within three months is still going to feel like worst case, they're going to feel like they're not part of the organization and they're a person who's looking on the outside versus looking into an organization as if they were somebody on the outside of the company. And what you wanna do in the onboarding process, give or receive feedback, get that person trained, the sooner you can get them to a hundred percent productivity, the better. And that is directly correlated to having a good onboarding process. Again, we have tools, we have templates that can help you throughout that process. If you'd like to discuss that with us, just, um, we'll, we'll have our contact information at the end of the, um, uh, this, uh, this podcast or info our thanks. Next HR mistake halfway through. So, uh, kind of, uh, kind of we're at the hub now, and number six, lacking an employee handbook that's legally compliant and updated. Again, I hate to say horror stories, but we see handbooks. Probably the worst case I've seen is we worked on a handbook two years ago that was dated 1999 and it was pretty much garbage. I hate to say folks, but most of the information in there, the L1 requirements, even just the verbiage, the vacation policy or p t o, uh, the company holidays, everything in there was outdated. So this should be kind of like a company bible, you know,

small B of course on the, on the Bible. But this is your go-to for managers and employees around probably 90, 95% of the normal HR processes within the company. If you haven't had, we recommend every two to three years you get your handbook updated and , um, because it's just a good thing, not only from a legal perspective, but depending on your size. Also, there's different legal requirements that have to occur when you had 50 employees or a hundred employees, which needs to be embedded into your handbook. And there we've strengthened a lot of handbooks around things like , um, like code of conduct and ethics in the last couple of years. Also, social media, because so many people, especially if you have a younger workforce, they do everything through social media platforms. We put in a lot of things around social media and the dos and don'ts of social media for employees, because that's really critical. So bottom line is make sure you have a legally , um, uh, a legal handbook here, because that's gonna be really, really critical, critical for you. Um , HR mistake number , um, number seven is really not having a set and a formalized disciplinary process for low performing employees. Every employee, every company, excuse me, has lower performing employees. I don't care if you have 10 employees, you have some that are better and some that are worse. And what happens is , uh, you know, I , I use this quite a bit and when I talk to audiences or do a presentation for a group, if I had a nickel for every time a manager came in and said, I wish I had terminated this person six months ago or 12 months ago because they have been consistently a poor performer, and they would come into me or they talk to us now and say, well, I want to terminate this person, mark , because they really do not do a good job. I'm like, okay, have you ever talked to them about them not doing a good, good job? Have you given them specific feedback about not doing a good job? Have you actually written them up and given them a formalized document to say they might be terminated if they don't do a better job? And the answers are, no, no, and no. Then I'm like, well, timeout. It's not fair to the employee. You have to let them know they're not doing a good job. They may have not been mentored or trained by a person who was doing a good job. If you do a mentoring program or a development program, especially as we mentioned earlier about onboarding, make sure that person is teamed up with somebody who is one of your better performers. Because if they don't learn from a good performer, guess what, then it's almost like learning a new skill. If you are learning from somebody, I use the analogy of golf, I'm a frustrated golfer on a good day, if I learned how to play golf from somebody who's very bad at golf, guess what kind of a golfer I'm gonna be? Chances are I'm gonna be a bad golfer because they're teaching me all of their mistakes and then I am mimicking their mistakes or copying their mistakes. So making sure that you have a disciplinary process for low performing employees is critical because that person may not know they were trained by somebody who wasn't a great employee. So they may just be doing what they do and they're copying their mistakes. Make sure that you give the person the chance, give them specific feedback. Don't tell 'em you just

need to work harder. What does that mean? How does working harder correlate to me doing something differently and improving an area where I'm bad at? It doesn't. I can speculate all day long, but it doesn't. So bottom line on disciplinary action, making sure you have a process that is a sequence process, a consistent process for low performers, because quite often with a company who's a, they have a lower performing employee, guess what, if they put 'em on a coaching plan or disciplinary plan, quite often they will turn around. Sure, will some people get terminated? Yes, they will. That's just the reality of the fact. But in some cases, that person will actually, within a year or two, they may become one of your best employees and you've already invested, depending on the job, you might have invested in tens of thousands of dollars to get that person trained. You don't want to just terminate them randomly or haphazardly. You want to give 'em a chance to improve. And you also need to be there as a leader. You need to be there to coach them, to actually show them what good looks like within your organization. So having this process is really, really critical. HR mistake number eight, no exit interview process for exiting employees. It's really critical. It sounds so basic, but when a person leaves asking them why they're leaving, because chances are they will tell you very specifically why they're actually leaving the organization. So why not go ahead and actually give 'em the courtesy of talking to them, because you might actually find out some really good information while I left because of my manager, I left because of your, I didn't think the pay was that competitive anymore, and the job I'm going to is gonna pay me 30% more. Um, I left because I felt like the company really lacked of, um, lacked direction and lacked a growth strategy. Those could be all things that come out and gleaned from an exit interview have, ideally, if you have an HR person on staff, have them conduct the exit interview process. If you don't have an HR person on staff, then um, maybe you know somebody else who's a, not their boss of course, but somebody else in the organization who can be objective. A finance person sometimes, you know, HR runs through finance, the finance department. But making sure you do this process, um, because it's amazing the amount of information you can glean from doing an exit interview. And it can be, it can be like 10 minutes or 15 minutes long, have a consistent process for that, as I've mentioned before and everything else we're doing here. But ask them a couple of questions and in most cases they'll be happy to share. And if you, and if you do this, that person may come back to the organization saying, Hey, they asked me my opinion and I appreciated that. So making sure you get that information from them is gonna be really, really critical. Almost done here folks. So, um, HR mistake number nine, inconsistent filing system for employee files. This one's gonna really go to the HR person, the finance person who has employee files. First of all, of course, employee files are highly confidential. They only, they need to bring their lock and key. There's only a couple of people in the company need to have that information because it has social security date of birth. You definitely don't want a data breach. Ideally you have an HR information system, payroll

system where you can actually upload all of the files so that you're not doing this in a paper version anymore within your company. You're actually doing this virtually through an automated system that's tied to your payroll system. But if you still keep paper files, making sure that you have them set up in a consistent fashion, making sure you have things like an I 9 form separated from the actual employee file, keeping those separate because there's only a G one government agency, um, Homeland Security ice that is actually, um, legally allowed to see that information. But making sure you also have medical record records separated and things like that, it's very scary if we do an audit on file, it's just amazing. Sometimes we will find the, um, just the most bizarre information. I guess I'll keep it polite and just say the most bizarre information. So making sure you have a consistent filing system for employee files. Also, making sure they're highly confidential, under lock and key, and you just making sure you can do that is a really, really, um, good information there. Last but not least, uh, job offer, um, job offers. Making sure, you know, that's a lot of times that's besides the hiring process and the, the interview process, making sure that you have a consistent job offer template. Uh, I've seen some that are written so poorly, some that have typos, some that don't. Mention things like employment at will, making sure that you have, these are done in a very consistent fashion. These are done professionally. Who's that person gonna report to? What are the working hours? Um, if you're a, you know, you have a hybrid workforce, what are the days you need to be in the office? Um, when should you re you report to work? Just some basics, but it's amazing how many times we look at offer letters that are two or three pages long. And I've seen the worst case is we, we, we find some that are, that have typos or they might have the wrong person's name and their congratulations. Welcome to the company Tom and the person's. Um, the new hire is Mary. So making sure you just have, again, good I first impressions go a long way. So the first impression, the first thing that's going to be given to an employee in writing is gonna be an offer letter. Um, so making sure that's done correctly and done in a very concise, uh, is done to welcome the company. Give 'em some key information, should not be longer than one page. And that's the, um, you know, that's the last thing I'm gonna talk about here, but it's really the first impression with the company. So with that, I just wanted to show a couple of ways that we can help here at HR Catalyst over the last few years we've developed, because we kept on, as I mentioned throughout this, um, this session. We have just time and time again. Mark, do you have disciplinary action processes? Do you mark, do you have a performance review we can use? Do you have job description templates? Over and over and over again within our team, having an HR starter kit, this is very basic. We have something called an essentials and premium HR Starter Kit. Kit includes a number of critical forms for you, and of course you can find this on our website. Um, but, and they're very low cost. These are editable forms and Word documents, so you can download them by the actual, uh, the starter kit and then actually download those forms and

they're your yours to use. Because if you, sure, can you find a lot of this information on Google? Absolutely. Is that information correct? Maybe it is, maybe it's not. Is that information from a valid or, or verified source that is a professional who understands all these tools and, and techniques? Maybe it is, maybe it's not. So getting something like this, again, we have a couple of our, the essential and premium HR Starter Kits are both priced under a thousand dollars. And for a company that's just getting started or doesn't have some of this information, it's really critical. And again, for a thousand dollars, for \$500 or about \$900, consider this an investment. And I would guarantee you this is gonna be really, really good for you to have. Last thing we, we wanted to talk about here is how to , how do we get, how do you get in touch with us? So here's , um, so I'm on Calendly . Um, there's our website, there's my email address hrcatalystconsulting.com as the website. And there's my personal LinkedIn profile. So I think that should get all the information you need, get in touch with us. We would love to talk with , um, you know, you can talk to myself or one of my other team members. We, like I said, we're celebrating our 10th , uh, anniversary. You're very blessed to be in business to help our goal and purposes helping companies like yourselves, just helping you to be successful in your business, taking some of the burden and the challenges from a people perspective off of your plate. And then we are the people experts to work with you and ultimately we're there to help you optimize your, your employee's performance. So with that, thanks a lot for listening. Have a great day and we'll talk soon. Take care. Bye-bye.