



The Business Owner's Guide to

Employee Management

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EMPLOYEES ARE LIVING ASSETS FOR ANY BUSINESS,

so managing them carefully is an essential step for every business owner. Effective employee management involves everything from onboarding employees to complying with employment laws and everything in between. Our guide to employee management will help you achieve a streamlined process and keep operations running smoothly.

In this eBook, you'll find a breakdown of three important areas of the employee management process: benefits administration, the employee lifecycle, and HR compliance and employment laws. You'll also find helpful tips to guide you and better manage your employees.





SECTION I:
BENEFITS
ADMINISTRATION

CHOOSING THE RIGHT BENEFITS PLAN FOR YOUR EMPLOYEES

When you elect a benefits plan or make changes to an existing one within your organization, you should consider a strategic approach to help balance your employees' needs and your budget. Employee benefits are most effective in attracting, motivating, and retaining employees. Here are four steps to choosing the right benefits plan for your business:

1. Evaluate your current plan and take a strategic approach. Review your current plan throughout the year to ensure you get what you want.
2. Establish your budget to ensure it meets the company's overall financial growth. Be sure your existing or new plan meet long-term budget requirements for your company and if you need to reevaluate your plan.
3. Coordinate your benefits plan and strategy with other compensation and human resource programs. You will want to make sure that your benefit plan is competitive in the market to attract new employees and increase recruiting efforts for human resources.
4. Design a communication plan to educate your employees once you settle on a new or updated benefits plan package. Communication is key and choosing the right form of communication that works for your organization will help make the process smooth.



Following these helpful steps can help you stay on track and set you up to make a smooth transition to the next step in the benefits administration process—enrolling your employees into the new plan.



ENROLLING EMPLOYEES

Now that you have selected a benefits plan for your employees, it's time to enroll those employees participating in the plan. Open enrollment can be a stressful and hectic time, with deadlines and disinterested employees. While we can't take away all the pain involved in open enrollment, we have some tips to minimize problems, maximize efficiency, and make the process flow much more smoothly.





Here are a few steps to help you **accomplish** your employee **enrolling goals**

1. EVALUATE PREVIOUS PROCESSES AND OFFERINGS.

There's no point in making plans before you've gone over what succeeded or failed in previous years. From preliminary communications to post-enrollment surveys, evaluate the entire process and ask a few others to do the same. Once you take the time to consider the process in a comprehensive manner, you may be surprised to learn of suggested changes that surface. During your review, don't forget to scrutinize the actual benefits you're offering. As your company and employees mature, you may need to change the plans and benefits available.

2. FOCUS ON NEW EMPLOYEES AND BENEFIT CHANGES.

You might encounter seasoned employees sometimes ignore open enrollment information because they operate under the perception that not much changes year to year. You may want to focus your communications on explaining offerings to new employees and highlight changes since last year for longer-standing employees. If possible, segment your employee lists so you can send full instructions and information only to employees who have joined the organization in the last year. Use color, layout, and headlines to draw employees' attention to changes in plans, benefits, and offerings. Explain that full plan and enrollment information is always available for anybody who needs a refresher with an option to access an internal website or archive where all information can be referenced.



3. **ASSIGN COMMUNICATIONS PROFESSIONALS TO CRAFT MESSAGES.**

Let's be honest; health insurance and other benefits topics are confusing. Many employees may not fully comprehend insurance or related terminology, and frustration from that lack of understanding can lead employees to tune out enrollment information. Take this problem head on by asking your company's corporate communication team or an outsourced communications professional to create clear and simple instructions and messages. Ask the professional to go through the process to ensure all steps will seem natural to employees. Task the professional with writing all instructions and outgoing messages. Request a written glossary of commonly used terms and questions/answers, to be posted to the enrollment website. Ask the professional to write or edit all training presentations, website content, and create calculators and other helpful plan comparison tools for employees.

4. **VERIFY PLAN COMPLIANCE AND ENROLLMENT ELIGIBILITY.**

Before presenting any plans, avoid potential problems by ensuring all offerings are compliant with current regulations. Once you've verified you're in the clear, check that all requested enrollees are actually eligible for coverage. Require that employees provide marriage certificates and birth/adoption records when enrolling dependents. Not only will you save money at enrollment by refusing ineligible individuals, you will save significant costs on illegitimate insurance claims.



One last step you can take to close the enrolling process loop may include asking your employees for feedback. Employee comments and feedback will help understand your employee's perspective and needs. You may surprise yourself and learn about a new way to communicate your plan or just understand other needs and wants that may not be top of mind.

EDUCATE YOUR EMPLOYEES ABOUT CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985 INSURANCE

If you are a business with 20 or more employees, the COBRA policy applies to you. However, if an employee works for an employer with fewer than 20 employees, they may be allowed to keep their coverage for a period of time per state laws. Be sure to research your state law and update your COBRA policy accordingly.

Here are a few educational tips you can provide to employees to make sure they understand their rights and coverage:

COBRA INSURANCE

- Provides continuation coverage offered for 18 months and 36 months in some cases when a second qualifying event is met, to covered employees, spouses, former spouses, and dependent children.
- Activates when a specific event occurs with the covered employee, such as death, termination, or reduction in hours for reasons of other than gross misconduct, divorce, or legal separation, becoming entitled to Medicare, and if a child loses dependent status under the plan.
- Requires the covered employee to pay the total cost of the insurance premium without the employer's contribution.



To learn more about **COBRA insurance** coverage there are many resources available to share with employees and ensure your business is up-to-date with the latest information.





SECTION II: THE EMPLOYEE LIFECYCLE

There are numerous functions in the employee lifecycle. In this section, we'll cover hiring, onboarding and benefits, payroll, and employee termination and resignation.



HIRING

Hiring is the first step in the employee lifecycle. Recruiting the right talent for your company and your open position(s) is not always easy, but it is a vitally important to ensuring your business has top-notch staff.

This step of the lifecycle will include posting the job position, applicant tracking, interviewing, making offers to candidates, and ultimately, hiring them.

ONBOARDING AND BENEFITS

Onboarding is not only the piece that prepares an employee for their job, without a structured onboarding process, chances are new hires will not make it past the first few months. The first 90 days are the right time to introduce new hires to new colleagues, share with them your expectations, and help them to understand the specific values of your company. A study of 264 new employees published in the [Academy of Management Journal](#) found that the first 90 days of employment (often called the probationary period) is pivotal to building rapport with the company, management, and coworkers. When support levels were high from the team and leaders, new hires often had more positive attitudes about their job and worked harder. When support and direction were not offered, the opposite occurred, leading to unhappy and unproductive employees who didn't make it much further than four months.

Learn the must-ask questions for your next interview. [Click here](#) to read our blog post, Must-Ask Questions for Your Next Job Interviewee.





These helpful tips should provide your new employees with a positive start to joining your organization so that they feel welcomed and set up for success.



QUICK TIPS TO HELP YOU PREPARE YOUR NEW HIRES FOR THEIR ONBOARDING EXPERIENCE:

Create an agenda for your new employee's first week

Make sure your new hire has a comfortable work station

Send out vital information such as important phone numbers and your employee handbook, to educate your employee on company policies and procedures, as well as their job responsibilities

Make the benefits enrollment process as smooth as possible by providing resources and/or a consultation with someone from your benefits team

Schedule your new hire for orientation and any critical training courses that are needed for their role

Assign another employee to give a tour to your new hire so they feel comfortable navigating throughout your facility



PAYROLL

Keeping track of employee working hours and processing payroll is not optional. The federal Fair Labor Standards Act (FLSA) and numerous other federal and state laws require employers to keep records of hours worked, wages paid, and other conditions of employment. Beyond the law, it is impossible to run a successful business without keeping track of employee working hours, time off, and accurate and efficient payroll processing. The FLSA requires that time records show the date and time an employees' workweek starts, the number of hours worked each day, and the total hours worked during the week.

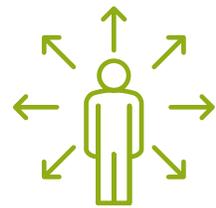
When it comes to processing payroll for your business, you have three options:



1. Do it yourself



2. Hire staff



3. Outsource

A couple of helpful tips to consider and make your timekeeping policy and payroll processing easier should include:



Consider moving to an online platform for a hassle-free experience



Purchase software that your HR payroll employees will embrace, is user friendly, and makes reporting easy





The best option ultimately depends on your business and your capacity to manage the process. Since it can be such an expensive—but necessary—endeavor, we've compiled a list of cost-savings tips:

TAKE AN INVENTORY

Complete payroll processing involves multiple steps, forms, and tax/legal/compliance requirements. Whether you personally handle it, or have a staff member help you, the first step in saving money and taking control of your payroll procedures is to get a complete and accurate picture of your needs. Taking an inventory of your payroll wants/needs will help you begin to start thinking about the specific costs associated with each task included in your payroll procedures.

ENSURE ACCURATE DATA

The demographic data you collect from your employees is a crucial step in the payroll process. Ensuring that the social security number, date of birth, address, and other critical information is accurate for each employee can save you a substantial amount of time and hassle. Making sure you obtain and submit the correct information from your employees is the first and easiest step in saving money on how you process your payroll.



According to the IRS, an estimated 40% of small businesses pay an average **penalty of \$845** for filing payroll taxes late or **incorrectly**



UNDERSTAND COMPLIANCE REQUIREMENTS

Processing payroll includes making tax payments, wage adjustments, paying bonuses, salaries, and commissions, etc. It also includes a number of potential deductions. Deductions and adjustments will likely vary by employee, and making mistakes can be very costly. The more employees you have and the more states you operate in or your employees reside in can make this process more complicated and more susceptible to mistakes. Understanding the full weight of state and legal requirements will help you avoid penalties and save money.

UTILIZE DIRECT DEPOSIT

Direct deposit is a fairly easy sale for most employees. Direct deposit is not only convenient for your employees; it also helps to reduce your exposure to check fraud and lost checks. There is also the time savings to consider. Writing out or printing, folding, stuffing paper checks into envelopes, and then subsequently arranging for their timely delivery is labor intensive, and just like time, labor is money, too. Additionally, direct deposit saves the paper costs of the checks and envelopes, and any costs associated with stop payment fees that accompany lost checks.



More than 60% of employees in the U.S. use direct deposit as their preferred method of payment



QUANTIFY YOUR TIME

If you're processing your company's payroll, it's important to accurately quantify how much time the process is costing you. Using the information you learned in step one should help you determine exactly how much time you are spending on payroll matters. Then, think about the time you spend staying on top of changing rules and regulations, time spent correcting mistakes, reissuing lost checks, record keeping, and any other issues that may arise. Getting an accurate—or close to accurate—figure for the time you spend processing your business' payroll is important because it can help you determine the opportunity cost benefit of potentially hiring someone to help with those tasks.

CONSIDER OUTSOURCING

While processing your employees' payroll is a necessary business function, it is not revenue generating. Outsourcing your payroll functions can help your business realize payroll administration cost savings, reduce your stress level, and give you the opportunity to grow your business and better serve your customers.

For a complete review of timekeeping laws, visit [The United States Department of Labor](#) for additional information and resources.

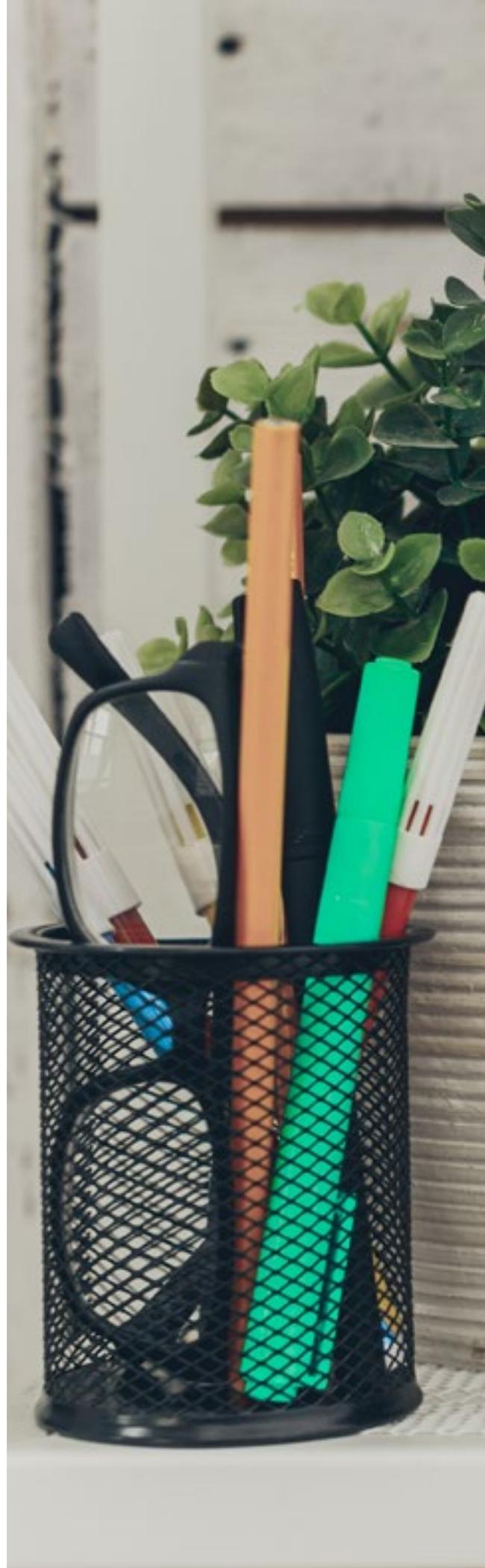


TERMINATION AND RESIGNATION

Terminating an employee is one of the most unpleasant tasks you face, not to mention legally risky, and should be navigated with much caution, preparation, and deliberation. Likewise, when an employee voluntarily resigns, there are processes that you should follow to ensure you are on the right side of the law, and doing what is best for your business in the long-term. For example, conducting an exit interview with employees that resign can give you valuable insight into what is working well and what is not working within your business and HR operations.



Under the law in most states, if there's no employment contract, workers are employed on an "at-will" basis. This means employers have the right to fire employees at any time for any reason or no reason at all, and, on the contrary, employees have the right to leave the organization at any time. However, this excludes cases of discrimination and public policy.





If an employee is under contract, though, the terms of the contract apply. A written contract may specify the reasons you can terminate the employee, while an oral contract usually implies that termination can occur only with just cause. This means the employer can terminate the worker only for poor performance, abandonment of duty, an act of dishonesty or insubordination, or because the company needs to eliminate the employee's position. Be sure to know what type of worker you have hired and the rules and regulations that apply to them.

To help guide you if you need to terminate an employee, here are a few helpful tips that will help you cover your bases:

- Terminations should be conducted in person with at least one witness
- The conversation should be documented
- Choose a time and day early in the week and hold the meeting in a private and neutral location
- Don't be vague—give specific reasons for the termination
- Anticipate and prepare for the employee's reactions
- Have your employee return any company property, such as cell phones, passwords, laptops, and security badges
- If necessary, have security available to escort the employee off of the premises
- Always treat the employees with dignity and respect



SECTION III: HR COMPLIANCE & EMPLOYEE LAWS

Human resources is a critical piece to a company and staying up-to-date and compliant with employment laws will help you avoid fines or even potential litigation. Here are a few steps you can take to ensure that you are following employment laws within your organization.





MAKE SURE YOUR EMPLOYEE HANDBOOK IS CURRENT

An employee handbook is a vital part of your business, but it can also be overwhelming to develop when you consider all of the information that should be included. An employee handbook sets the tone for your new hires and should be a valuable resource for existing employees to go to review policies and find pertinent information that they may have forgotten, such as your FMLA policy or disability benefits. Further, some federal, state, and local laws require you to inform employees in writing about certain policies, so you should familiarize yourself with those requirements by visiting the [U.S. Department of Labor](#) (USDOL).

YOUR EMPLOYEE HANDBOOK SHOULD INCLUDE:

- Your company “about us” section with a note from the owner or leader
- An explanation of compensation and benefits structure
- An explanation of your code of conduct policies
- An explanation of your leave of absence policies and equal employment and non discrimination policies
- Information about workplace safety
- A review of any other applicable policies such as company vehicle usage, company credit card, social media usage, and cell phone and other electronic company device usage





The last thing you should include in your handbook is an employee acknowledgment page. You will want to keep record of a signed copy for each employee on file. Your employee's signature acknowledges that they have read and understand your company's policies and procedures. Developing a comprehensive employee handbook can be a substantial, but important task, so make sure you work with the right members of your organization that can provide proper insights, and an attorney to ensure you develop a legally sound document.

EMPLOYMENT LAWS

Operating any type of organization comes with great responsibility to not only your employees but also to yourself. It is important to understand key employment laws to make sure you stay in compliance with the law and don't jeopardize your organization or the confidence of your employees. Here are three key employment laws you need to be prepared to comply with.





1. THE FAIR LABOR STANDARDS ACT (FLSA)

The purpose of the [FLSA](#) is to establish a minimum and overtime wage for your non-exempt employees and record-keeping. Employees who fall within this category must be paid at least the federal minimum wage for each hour worked, and one-and-a-half times their hourly rate for any hours worked beyond 40 each week. It is important to know your state's current minimum wage since it varies from state-to-state.

Having a thorough understanding of the FLSA will help you define which employees are considered exempt and non-exempt, pay them properly, and address what, if any, work time needs to be paid, including on-call, training, meetings, and travel time. Staying on top of FLSA rules can help prevent unnecessary pay discrepancies, saving you time and money when processing payroll. In 2016, [The United States Department of Labor](#) (USDOL) substantially increased the civil money penalties it can impose for certain violations of the FLSA. Effective August 1, 2016, the USDOL can now impose a monetary penalty of up to \$1,894 for each repeated or willful violation of minimum wage or overtime requirements. This may also help you avoid lawsuits initiated by a current or former employee due to incorrect compensation or back pay you may owe them.



2. OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

As an employer, it is important to ensure you provide a safe work environment for your employees. OSHA is the primary federal agency which governs occupational health and safety in the workplace. The OSHA law and regulations ensure employers provide employees with a safe and healthy work environment free from hazards, such as exposure to chemicals, mechanical dangers, or unsanitary conditions. Many of these hazards may be common in your line of work. For example, employees may be operating heavy machinery in a blue-collar work environment, handling potentially toxic chemicals at an oil and gas company or exposed to bodily fluids and/or patients with contagious diseases. It is your responsibility to ensure your employees have the resources and training to know how to safely handle themselves in these situations.

Fortunately, [OSHA](#) provides various resources to help you. A few best practices you can adopt could be ensuring your employees receive safety training for medical equipment and patient care, determining the types of protective equipment needed, and training them on the proper way to report and investigate all safety-related incidents and/or accidents.



3. THE AMERICANS WITH DISABILITIES ACT (ADA)

Taking care of your employees should always be a priority and many come with a variety of special circumstances when they walk through your door. In 2015, 17.5% of persons with a disability were employed, according to the [U.S. Bureau of Labor Statistics](#). If you are a business with 15 or more employees you are required to comply with the ADA, which requires you to provide reasonable accommodations to any employee or job applicant with a disability, unless doing so would cause the employer significant difficulty or expense. Also, as an organization that may offer services to the general public, you must comply with ADA standards to meet the needs of disabled individuals visiting your organization. You can work with your HR team to identify the essential functions needed to meet these guidelines, as well as define what “reasonable accommodations” look like for your organization in compliance with the ADA.

While operating an organization requires a long list of duties, following key HR policies and employment laws must be a priority to protect your organization and employees. Rest assured, there are plenty of resources available to help guide you to run a successful company.



Managing a workforce is no easy task and there is no “magic formula” because each business and industry has its own unique needs and regulations.





Want to learn more about effectively managing your employees?

Download our SlideShare “The Employee Lifecycle” to learn more about how you can better manage each step of the employee lifecycle.

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