

## 5 Biggest Employee Handbook Mistakes



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Employee handbooks are a great way of explaining company policies and procedures. They can provide employees with an overview of the company, the working practices and environment. A good handbook can also provide a business with a layer of legal protection by setting clear standards and expectations that employees must comply with. In short, a good handbook is essential to running a good business.

On the other hand, a poorly done employee handbook can cause a lot of harm. Business managers and owners tend to want very rigid policies in place that address almost every fathomable situation. Having policies in place that are too specific can make it hard for employers to be flexible in dealing with real situations. Policies that are too broad can have the opposite effect and make it hard for businesses to hold employees accountable. These seem like two sides to the same coin, and in a way they are.

How do you strike the perfect balance when writing an employee handbook? A good way to start is by knowing the possible pitfalls surrounding employee handbooks. Below are five common mistakes companies make in relation to employee handbooks.

### **5. An Overly Detailed Discipline Policy**

It is important to have some form of discipline policy in place for employees. Identify what types of actions are subject to discipline and what the general consequences will be for those actions. Do not have an extremely detailed list of what the consequences are for each specific infraction or number of infractions. Doing this removes the employers' ability to be flexible in a given situation and take into account other factors which aren't addressed or weren't contemplated by the handbook.

For example, some handbooks have policies which specify that a verbal warning will be the initial disciplinary step for a policy violation. However, this policy does not make sense if the first violation is a serious one such as an act of violence. Employers should have the flexibility to address each situation in a manner which is fitting. To create the most flexibility, an employer should specify at the beginning of the handbook that any violation of a company policy, whether or not stated in the handbook, has the potential to lead to discipline, up to and including termination.

#### **4. Not Controlling Overtime**

I cannot stress enough how important it is for a business to monitor and control overtime hours of employees. Not only for business reasons such as keeping control of labor costs, but also for legal reasons. Overtime policies should be written so that they limit unauthorized overtime.

First, the handbook should define when the company's "workweek" is. It does not need to be Sunday through Saturday and can be any seven day period such as 12-midnight Wednesday through 11:59 p.m. on Tuesday. The "workweek" can be changed periodically, but not as a mechanism to avoid the accrual of overtime hours.

Second, the overtime policy should require that employees receive permission to work overtime hours. If an employee then fails to obtain permission for overtime, the company will still be required to pay the overtime, but they will then have a documented violation of the policy and can discipline the employee accordingly.

#### **3. Not Following the Policies in the Handbook**

Often, a business owner will come to my law firm seeking a "standard employee handbook" that they can use. Somehow, there is the notion that such a standard document exists and should be readily available to business owners at a low cost. Unfortunately, this is not the case. Employee handbooks should be carefully and uniquely drafted to reflect the policies and procedures used by a particular business.

Simply having an employee handbook that doesn't reflect a company's policies is almost worse than having no handbook at all. If the company does not follow the policies they have laid out, then they can lose their ability to enforce them at a later date. Specifically, this often comes up when an employee is terminated. If the employee was terminated according to the policies or procedures in the handbook, but up to that point, the employee had never been disciplined according to the handbook, the employee could use that as a part of their argument should they decide to sue the company. This is just one example of why it can be harmful to a company to not follow their own policies.

#### **2. Not Reviewing the Handbook on a Regular Basis**

Like many areas of law, employment law changes often. It would be impossible and unnecessary to make an updated employee handbook each time there is a law

change. However, handbooks should be reviewed regularly so that important changes to the law can be incorporated. Just because a policy is listed in the employee handbook does not mean that the policy is legal. Regular review can ensure that the handbook is compliant and serves the company's interests.

It is also important to review the employee handbook on a regular basis so that it conforms to any policy changes the company has made. As always, having the handbook correctly represent the policies and procedures of the company is important so if a company finds that they are not using a certain section of their existing handbook, perhaps it would be a good time to figure out a way that the policies in that section can be changed so that they are used.

## **1. Not Having an Employee Handbook**

Despite all of the employee handbook issues and problems discussed so far, having an employee handbook is still a very good idea. Without a handbook, there is nothing, which a business can point to and say "here is what our policy is." In the event of a dispute between a company and an employee, it becomes a battle of words and accusations with judges often finding on the side of an employee who appears sympathetic. Putting employee policies in writing is a great way to protect the company's interests.

Another great thing about employee handbooks is that they can be a great resource. It can summarize information for employees and can also be a guide for people in charge of implementing the policies found in the handbook. It should also give direction about where to go with any concerns an employee may have about the workplace.

To be effective, handbooks cannot be "one size fits all." When your customer is considering project at their home, there is not a standard solution for everyone, there are many considerations such as how the space will be used, square footage of the property, energy considerations, and so on. The same applies for employee handbooks. The handbook should be a document, which accurately reflects a company's culture, policies and procedures and each handbook should be unique.

If you do not have an employee handbook, now may be a good time to create one. If you have a handbook but have not reviewed it regularly, consider updating it.