

What you need to include in a small business employee handbook



Small business

owners have a lot on their plate. When you're trying to oversee your business' sales, marketing, product, and finances it's easy to put HR tasks like developing an employee handbook on the backburner. However, employee handbooks serve an important role. If you've been putting off creating one for your small business, keep reading to learn about why you need a handbook and how to do so.

Why does your small business need an employee handbook?

Employee handbooks have a number of essential functions.

First, they act as an in-depth introduction to your company for new hires. Reviewing the employee handbook should be a routine step in new employees' onboarding process. Employee handbooks can be quite long, so be sure to carve out time on the first day or within the first few days for employees to read the handbook on the clock.

Don't expect them to take it home and read it. You want your new hires to take the time to thoroughly review the handbook so that they understand the expectations, norms, and policies of your small business. Give ample time for review and have them sign an acknowledgment that they have been provided with a copy of the handbook.

Employee handbooks also act as a reference point for current employees. This is particularly helpful if your small business does not have a full-time onsite human resources representative to answer employee questions. Employees can reference their employee handbook when a question or concern arises about holiday pay, sick leave, or the dress code and find an answer quickly.

Having an employee handbook also helps your business meet legal requirements. Updating the handbook annually will remind the leadership team to review new employment laws that may apply to your business and staff. They also give management a point of reference when handling leave requests, disciplinary action, accommodation requests, and other employee relations matters.

What should be included in the handbook

The employee handbook should give an overview of your company culture, employee benefits and perks, and your company's policies. It should be designed to give new employees all of the pertinent information that they need to understand company expectations and norms.

Mission statement and values

Your company's mission statement and core values are an important component of your company culture.

Your mission statement should describe the company's purpose or goal. It can define what your company sets out to do, how you will accomplish that goal, who your target market is, and any values or commitments that your company holds.

Your core values are the guiding principles of your business. They often include things like a commitment to serving your customers or community, trustworthiness, integrity, and respect. It is important that your employees share and embody these values in how they conduct business on your behalf. That is why introducing these values early on in the handbook and emphasizing them during onboarding is important.

At-will employment disclaimer

If your business is in a state that allows at-will employment, which almost all of them do to at least some extent, you'll want to include a section on this. This section is often towards the front of the handbook.

At-will employment means that either party may sever the employment relationship at any time with or without notice. This means that you can lay off or fire your staff at any time without having to prove cause. There are often exceptions to this such as contracted employees, union workers, and laws prohibiting discrimination. Check with your state laws to determine if your staff is considered at-will. [Approximately 74% of workers in the U.S. are considered at-will employees](#). At-will employees are not required to give notice when quitting, but most do provide a standard two-week notice in line with professional expectations.

Employment classification

This section should be a straightforward explanation of how your business classifies its employees. Define exempt and nonexempt employment in line with Department of Labor Standards and any relevant local or state laws.

Exempt employees must meet [specific criteria](#) set by the Federal Labor Standards Act in order to be exempt from overtime wages. Exempt employees are often salaried managerial employees or administrative professionals.

Nonexempt employees are entitled to overtime pay if they work over 40 hours in a workweek.

You should also use this section to detail how you classify full-time, part-time, and temporary employees. Some businesses consider part-time anyone working under 40 hours per week, while others use 30 or 35 hours per week as the cut-off.

Timekeeping and pay information

Now it's time to detail your timekeeping, reporting, and compensation practices and expectations. This is an important section, as accurate reporting of work hours is important to prevent fraud and maintain accurate records. Of course, employees are also interested in this section as they want to know when they can expect to be paid.

Provide the pay frequency and the payroll schedule. If you pay on a certain day of the month such as the 1st and 15th, be sure to mention what the procedure is when that day falls on a weekend or holiday.

Include information on overtime pay as well as meal and rest periods. These should all be given in accordance with all federal, state, and local laws. You can also include information on timekeeping procedures, when timecards must be submitted, and a reminder that employees may not falsify their time records. If your business has standard work hours those can be included as well.

This section can also be a great place to include your expense reimbursement policy if you have one. Let employees know how to submit expenses for reimbursement, whether they will be paid via regular payroll or through a separate channel, and what expenses can be reimbursed.

Employee benefits

The employee section should detail benefits specifically offered by your small business as well as any benefits offerings required to comply with federal, state, and local laws.

- **Company perks.** If your business provides any special perks to its employees be sure to include those. Things like employee discounts on products, work from home flexibility, or commuter benefits can help new hires get excited about working for your company while reviewing the handbook.
- **Health insurance.** Specific insurance plans and pricing will be provided yearly during open enrollment and to new employees once they become eligible. However, it is a good idea to include an overview of who is eligible for health insurance benefits and what the waiting period is for new hires.
- **Retirement plans.** If your business offers employees a 401K, detail eligibility requirements and whether there is any employer matching.
- **Paid time off.** Give information on how time off is accrued, if there is a waiting period for use, and the procedure for requesting time off. This may be split into vacation and sick days, or it could be presented as a combined PTO bank. Some organizations are even adopting unlimited PTO policies in recent years. Give any useful information for requesting scheduled time off such as how far in advance a request should be made, whether time off requests are handled by seniority or on a first-come-first-serve basis, and any blackout dates during busy periods where vacation is limited or prohibited.
- **Medical leave.** Depending on the size of your small business you may be required to grant unpaid job-protected family and medical leave under FMLA. The FMLA (Family and Medical Leave Act) allows for up to 12 weeks of unpaid leave per year for specific medical or family care purposes including the birth or adoption of a child.
- **Other applicable leave policies.** Depending on your state and business size there are a number of leave regulations that your business may be subject to such as leave for jury duty, voting, and military reserve service. Many companies also choose to offer bereavement leave, even though it is generally not required by law. Research what leave you are required to grant in your region.

Company policies

One of the most important sections of your employee handbook is the employment policies section. Here you will provide a detailed listing of your company's policies in regards to employee conduct in the work environment. Some policies to consider including are:

- **Attendance policies.** Provide an overview of attendance expectations and let employees know that excessive absenteeism and tardiness could result in disciplinary action. Address how employees should report anticipated unplanned absences or tardiness. You can also remind employees to get a supervisor or manager's approval prior to leaving work early.
- **Dress code.** Include an overview of what attire is considered appropriate at your place of business. Consider professional appearance standards as well as safety concerns. For example, closed-toe nonslip shoes may be safer and more practical than other footwear options in environments such as retail or warehouses. Also be sure that you are drafting a policy that is non-discriminatory in regards to cultural or religious clothing, different hair types, and all gender identities and expressions.
- **Anti-harassment policies.** Define the different forms of harassment and how your company handles harassment incidents. Sexual harassment, discrimination, and bullying of any kind including cyberbullying should be expressly prohibited.
- **Workplace safety.** Include an overview of workplace safety expectations including any equipment or industry-specific safety practices, OSHA regulations, and what to do if an accident or injury occurs while working.
- **Equal employment opportunity and ADA policies.** Taking a firm stance on anti-discrimination and expressly stating your commitment to providing equal opportunities to applicants and employees of all backgrounds and protected classes is more important than ever. It's also helpful to include information on the Americans with Disabilities Act and who employees should contact to request workplace accommodations for disabilities if needed.
- **Substance abuse policy.** It seems obvious that substance use in the workplace is inappropriate, but putting it in writing can help drive the point home. Having it in writing can also help if disciplinary action needs to be taken due to substance abuse concerns. Additionally, as state and local drug laws change, consider how those interact with your workplace policies. This is especially important in states that have legalized and/or decriminalized marijuana.
- **Technology policies.** If employees will be using company-owned computers or mobile devices it is a good idea to lay out some usage policies. Employees should not download any unauthorized programs or visit sites that are inappropriate for the workplace. Employees should report any concerns such as computer errors or strange emails to the IT department. Some employers also chose to include a social media policy prohibiting the sharing of company information over social media as well as inappropriate online behavior that could reflect poorly on the company.

This list is not comprehensive, so you should feel free to add any additional policies that you have for your own business. Setting clear expectations sets employees up for success. Including all of these policies in writing can prevent miscommunication and makes it easier for supervisors to enforce policies consistently across the board.

Special considerations for small businesses

Depending on the size of your business, not all employment laws may be applicable. For example, private sector employees are only eligible for leave under FMLA if they [work at a location where the employer has at least 50 employees within 75 miles](#).

Small businesses also do not have the large HR departments that medium and large-sized businesses possess. Some small businesses do not even have a dedicated human resources staff member. This doesn't mean that you should skip the employee handbook. It may however be a good idea to outsource the project in order to avoid overextending your staff. Building an employee handbook is no small task, and it can take countless hours

of research for someone that is not already knowledgeable in HR policies and employment law. Consider outsourcing the project to a freelance HR writer.

Consulting an employment law attorney is also highly recommended to ensure that your final handbook is legally compliant. You can also utilize policy or employee handbook templates to build your handbook prior to sending it off for legal review. Just be aware that employment laws can vary by region so be sure to look up policies and templates that are targeted towards your state laws.

Additional resource: Updating your handbooks and company policies? Check our guide to [employee handbooks](#).