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4 Common HR Business Mistakes to Avoid in 2015

In business, especially in HR, making mistakes can have heavy consequences. In 2015, advise your clients to avoid these common mistakes; it just may save them time, money, and unnecessary headaches.

1. Inconsistent Documentation Practices

When trying to bring in revenue or deal with customers, it's easy to put off documentation. Tomorrow can become next week, or may not even happen. When hiring, conducting performance evaluations, or needing to discipline or even terminate employees, documentation can be crucial to protect one's business. Lawsuits for wrongful termination will cost far more than an hour writing up a report.

More than having documentation, business owners also need to ensure records show standardized processes. It's easy to forget a six-month evaluation, or rush through the hiring process when an employee is needed fast. But standardization and consistency helps protect any business when faced with unlawful discrimination lawsuits. As businesses grow, standardization may also make it easier for newer employees to understand important HR-related processes.

Documentation processes like maintaining hiring records, holding disciplinary conversations, or conducting investigations can be time consuming. But creating standardized and coherent documentation will help owners protect their business and stay focused on serving customers.

2. Misclassifying Workers

It may be tempting to classify employees as independent contractors; less paperwork, less costs, less hassle. Maybe not. If the Internal Revenue Service (IRS) decides there is a misclassification, a business could have to pay up to three times more than if they had just classified their employees correctly the first time. Moreover, if the Department of Labor is involved, your clients could be responsible for demonstrating the individuals were paid in compliance with applicable minimum wage and overtime rules, at both the state and federal level.

To help keep businesses safe, ask your clients these questions:

- Do you tell your workers when to start their workday and when to end it?
- Do you control the length of your workers' lunch breaks?
- How does the worker get paid and when? Is there a schedule?
- What type of paperwork did you use when starting this relationship for work? Form I-9?
- What did you promise the worker as far as wages and benefits when the work relationship began?

The more control an owner has over how and when work is completed, the more likely workers may be determined to be employees and not independent contractors.

3. Focusing on Hiring, not Retaining Workers

You've probably heard that loyal customers bring in more revenue than new customers. But what are the costs of brand new hires? One estimate has the cost of a new hire at $4,000.

More than just hiring, losing employees has a cost too. The Harvard Business Report, for instance, found that churn for Sam's Club costs $5,274 per employee. Annually, that adds up to $612 million. While Sam's Club isn't a small business, high turnover rates can be a huge cost in terms of knowledge and money, no matter what size business.

One way to encourage employee retention is implementing "stay interviews." While exit interviews are reactive and designed to help employers understand why an employee is leaving, a stay interview reaches out to ensure employee problems are resolved before they ever resign. A stay interview can be a great tool for uncovering why employees may want to leave and what would make them stay.

Provide these questions to your clients to help educate them on what should be covered during a stay interview:

- What are the things that motivate you here at work?
- What might entice you to leave?
- What do you think about your team or your department?
- Do you feel recognized for the work you do here?
- What would you consider meaningful recognition?

For effective stay interviews, it's crucial to have a sense of trust in the interviewer. Whether with a supervisor or a colleague, employees need to know they can be candid about issues they're having or seeing in the company. Following up to address concerns is crucial. Action on these issues shows employees that the company is serious about making changes to improve the work environment.

If employees feel like their honesty could be taken negatively or follow through won't happen, they won't be honest in the interview. The stay interview will only appear as a lip service, and perhaps only lead to more turnover.

Effective stay interviews can help build a sense of trust, and help boost engagement. Not only can businesses see a lower turnover rate, but also happier and more productive employees.

4. Failure to Update the Employee Handbook

When was the last time your client updated their employee handbook? If the answer is more than 12 months, it's probably time to update it. An outdated handbook, for any size business, can mislead employees about company policies and what's expected from them. From dress code to communications, the handbook should be clear about a company's policies.

In addition to a company's own expectations, an employee handbook must stay current with applicable laws and regulations. Be sure that the policies in the handbook comply with requirements set forth in federal laws such as the Fair Labor Standards Act (FLSA), Title VII of the 1964 Civil Rights Act, and the Americans with Disabilities Act (ADA). Company policies should reflect a commitment to comply with state and local workplace regulations.

Taking time to review a handbook at the beginning of each year can help ensure the handbook stays current, and employees continue to understand what is expected from them.

Conclusion

Your clients can avoid mistakes made by thousands of businesses — and potentially save their business hours of unnecessary work, and possible issues. Avoiding these mistakes can help you ensure a more productive and happier workforce, and in turn, a more effective business.