

## Focus: Legal

# 'Human Resources Tool Kit' prevents potential legal woes

Startup companies come into existence with a business plan/business model, some very enthusiastic entrepreneurs and some financial backing. At this point, no one is thinking legal compliance. The founding person/team is thinking about leasing space, buying equipment and starting to reconnect with potential employees who might very well have been "waiting in the wings." All are anxious to get to the business of designing, implementing and selling that product.

Among their early stage efforts, there is usually a finance person who contracts to buy benefits and probably sub-contracts out to a payroll service to meet the essential requirements of even a one-person company — periodic cash flow and health insurance. Usually, little or no attention is paid to any other aspects of the hiring process except for identifying who the company needs and getting them on board.



**Guest Column**  
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But other aspects of hiring must be considered, especially with so many potential legal dangers lurking.

Accordingly, one of the best ways to insure legal compliance is to begin with a "Human Resources Tool Kit."

What is an human resources tool kit? Fundamentally, it's a comprehensive checklist of guidelines and suggestions to insure that companies don't forget essentials, such as legal protections as

well as sometimes-overlooked minor needs like return addresses on envelopes. Following such a checklist makes the company compliant with state and federal laws.

Here are some examples of what this kit should include.

### **Legally compliant employment application**

So many companies disregard the legal requirements that exist regarding what information is legal to be requested of a potential applicant and, in turn, that which is mandatory to communicate to an applicant.

### **A benefits summary**

This need not be a complex document. However, even your very first few employees will want to know if they have basic health coverage, disability in the event they cannot work, life insurance for their families' protection and many other basic needs such as vacation days and savings plans.

The summary can function both as a recruitment tool to show that you do indeed have a benefits package and as a cultural statement showing from early on that you are aware of your employees as "total" individuals.

### **An agency agreement**

If the founder is able to put together a basic team to start the company, the next wave of employees may be available through employee referral. If not, the company is faced with using recruiting services that charge a fee. When a company negotiates this contract, it should capture the Company's terms and conditions, not the agency's.

### **Hiring authorization**

Every company of more than one person needs to start "putting it in writing" early on to avoid confusion and misunderstandings. As soon

as a hiring need is identified, what it is should be committed to writing — no matter how simple — and it should exist on a piece of paper or a computer log.

### **Candidate activity schedule**

The confusion that can occur when a company tries to recruit and schedule candidates for its openings is unparalleled. Mishaps include having two people from the same company in your waiting area. Or, if you're really unlucky, a supervisor and his subordinate from the same company in which neither knew the other was "looking." This form will track everything about your candidate from "first contact" to "hire or reject" before you can invest in expensive computer based recruiting tools.

### **Candidate evaluation form**

On paper or in your computer system, everyone who talks to the candidate should be asked to evaluate him/her with certain consistent criteria and then "open comments" as needed by each interviewer. If you are doing a lot of recruiting, by the time you get to the 10th candidate, you feel a bit lost regarding how you felt about the first one. Also, evaluations should be done right after an interview — we talk ourselves "in and out" of perceptions as time passes.

### **Offer authorization**

A standard form that gathers all the required information about an offer will be an accurate and simple way to document and transmit the terms of an offer to an administrative person who is charged with committing it to writing.

### **Legally compliant offer letter**

An offer of employment is one of the more significant commitments the company will make to others as it does business. Offer letters have specific legal requirements regarding statements that must be made and some that should be avoided.

### **New employee orientation kit**

This standard kit will contain a checklist of materials you will be giving your employees as general company information and a list of materials they will be asked to complete and return to you. Examples of both these categories are insurance plans for them to read and keep, the mandated I-9 form to prove eligibility to work in the United States and ID documents. Also included in this kit will be all the enrollment forms for programs the company offers such as health insurance.

Once a company has some employees and begins to assemble information about them, a whole new set of requirements pops into the picture. Various laws dictate that companies practice "appropriate employee treatment." This includes areas such as protecting employees against invasions of privacy by keeping data such as their age and marital status, which appears on insurance enrollment forms and other paperwork, in carefully filed and locked cabinets.

In fact, such personal information must actually be filed separately from other "employment" information such as resumes, job descriptions and performance reviews. Basically, companies must be able to show they have created a giant umbrella of respect for their employees, to keep out of court and/or to avoid fines.

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