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32 Small Business Human Resource (HR) Tips From the Pros

By Anna Dizon on March 17, 2018 | HR, Managing | Comments (0)

A business can't thrive without reliable staff, so regardless of how small your business is, human resources (HR) will remain a crucial part of your journey to success. If you're still unsure where to begin with establishing your HR practice, then this article is for you. We've asked the experts to give us guidelines on how to maintain the best HR practices to help you grow your business.

Here are the top 32 small business human resource tips from the pros.

1. Avoid Overtime Violations

Peggy Emch, Director of Marketing, Timesheets.com

Owners of very small businesses often do everything themselves, including HR. Where this involves employment laws, employers need to be aware of best practices. The main wage and hour points to keep in mind are: know how overtime accumulates, be aware of state laws, classify employees correctly, track time for hourly employees, and pay employees for all working time. You can find more details on these wage and hour pitfalls in our infographic. The penalties for violating overtime laws can be very costly and the Department of Labor does routinely perform investigations. To protect yourself, stick to the rules and keep accurate records.

You can educate your self on HR with these training options.

2. Set Up a Healthy Feedback Process

George Schildge, CEO, Matrix Marketing Group

Take the time to setup a feedback process for your company's employees. Feedback is extremely important for individual employee's growth as well as the growth of your company. To keep employees engaged, HR officers can encourage leadership to provide employees with personalized constructive feedback, both positive and negative. If employees are taking the time to develop high quality work, it's up to managers and leaders to recognize their efforts and their success. I've found that a simple hand-written note, an email, or even a cup of coffee to congratulate a team on a job well done is great for morale and encourages them to keep up their good work.

As for negative feedback, it should always be our number one goal to allow our employees to grow personally and professionally. When a task or strategy isn't executed as well as it should have been, managers can take the time to review the mistakes with their employees and educate them on how they can improve next time. We are strong advocates for constant learning in our office, and if employees never understand what they did wrong, how will they ever know how to improve on it in the future?

3. Know the Law

Dr. Jennifer Trout, Department Chair, Human Resources & Organizational Leadership, Business Management and Healthcare Management, Rasmussen College

It is important to understand federal laws when it comes to your employees. Basic functions such as safety and security, hiring practices, compensation and benefits required, work schedules, vacation time, and leave times are swirling questions for any small business owner. A good place to start is by referencing with the Federal Employee Handbook. Once you have familiarized yourself with these laws and regulations, you are ready to move to the next focus areas.

Hiring employees can be tricky, check out this Fit Small Business article guide on interview questions when hiring new employees.

4. Disregard Myths Regarding Millennials

Matthew Griffith, Creative Content Manager, Rewards Network

I think one of the smartest things I've heard in recent years regarding HR practices is to be cognizant of the way you lean into myths about Millennials in the workplace. I've worked almost exclusively with Millennials as my staff, and found every last one to be exceptionally dedicated to their job, eager to learn, full of bright ideas, and not afraid to share them. That's a good thing. Easy rule of thumb: if you can swap out "Millennial" in any of these statements for the name of another marginalized group and it sounds bad, don't say it. Also be aware, whether you realize it or not, many Millennial stereotypes *are* specifically aimed at young women (being flighty, taking selfies, being into frivolous trends). This kind of generalization can easily overlap with (or lead to) sexist or harassing behavior among your staff, if not careful.

5. Partner New Hires with Current Employees

Ann Zaslow-Rethaber, President, International Search Consultants

It is wise to do everything possible to lower the risks of attrition, and increase the chance that your new hires will find everlasting joy in their new place of employment. Studies show that the number one thing that we can do to substantially increase a new hire sticking it out during the predictably challenging first few months of employment is to have them forge a relationship with someone within the company, that they are comfortable going to with questions, and for advice. This person does not necessarily have to be their direct report. In fact, it can be a peer, or a manager one level above them, in another department.

Having someone that the new hire can go to, that he can bounce ideas off of, gauge the impact of company announcements, personalities, changes within management, etc. can serve as a barometer that can calm a newcomer as they acclimate to your company's culture.

6. Keep Proper Documentation of Personnel Files

John Crowley, Content & Marketing, People HR

The most effective action HR can take in a small business, is to digitize and centralize their personnel files. So many smaller companies make the mistake of 'making do' with paper files and spreadsheets,

but it causes a nightmare when the time arrives to expand the workforce. If you get into the best practice habit of maintaining a centralized, digital HR database, you'll have an excellent foundation for company growth. And if you choose the right HR system to help you, you'll get far more value than just easy access to employee records and company policies – you'll enjoy a streamlined recruitment process via the ATS (Applicant Tracking System), performance reviews will be consistent, and HR data will be easier to analyze.

7. Consider Hiring an HR Consultant

Lynda Spiegel, Founder, Rising Star Resumes

Small business owners with fewer than 50 employees often can't justify the cost of hiring a full-time HR generalist, but not incorporating legally compliant HR policies and procedures into your business is a liability. Professional Employer Organizations, or PEOs, may seem like a good alternative, but since they co-employ your staff, you lose control over your company's culture. Instead, bring on an HR consultant to write your handbook and hiring documents, and who can train your bookkeeper to handle payroll and benefits. The consultant can function on an "as-needed" basis going forward for sticky employee relations issues.

8. Use Personality Tests When Sourcing for Employees

Paige NeJame, Owner, CertaPro Painters of the South Shore & Boston

As a small business owner, I wear the hat of Human Resources Director. As part of our interviewing process, I give a Myers Briggs personality test to every candidate so I can be sure their natural personality will fit with the role for which they're being hired. The personality test I use is at 16personalities.com and is free. Understanding a candidate's natural tendencies is important in certain roles. For example, I would be unlikely to hire a Myers Briggs "P" – the type of person who hates lists, and likes to let life unfold naturally – in an administrative role that required control and structured organization. The website where the candidate takes the test provides a nice overview of their strengths and weaknesses so I don't have to interpret the results myself.

9. Remember that Company Culture Relies on Employee Engagement

Debra Tenenbaum, Chief People Officer, YapStone

Creating and maintaining a thriving company culture really boils down to one thing: employee engagement, because employees are most engaged when they have a strong sense of purpose. So define your company's vision, align corporate goals around the vision, and communicate the vision and goals early and often via a consistent elevator pitch. Each person in the company should know the elevator pitch to evangelize the company's vision.

When it comes to hiring, we all want to hire the best and brightest in our respective industries – but skill sets are not the be-all, end-all of good hires. A super-talented and highly skilled candidate may not be the right fit for your corporate culture. Finally, great leaders and managers realize that you have to be very selective. Hiring the right people at the right time means making sure each hire's skills, personality, and temperament align with the values and behaviors that the company holds dear.

10. Hire Virtual Employees to Expand and Diversify Your Talent Pool

Marc Prosser, Fit Small Business

The talent pool for small businesses is typically limited to candidates who are willing to commute to the office. By hiring virtual employees, you can delegate more tasks while saving your business some overhead cost. Hiring employees that live in different places also broadens your talent pool and diversifies your company's culture.

Virtual employees, like the assistants at Time etc, have years of experience, are heavily vetted, and can perform a variety tasks such as data entry, content creation, search engine optimization, order input and invoice creation, document editing and formatting, and much more. Try using Time etc and hire talent you wouldn't have access to otherwise. Click here to start your free trial.

11. Have a Clear Anti-Harassment Policy in Place

Colleen Drennen Pfaller, MS, SPHR, Founder, A Slice of HR

As a business owner, what steps can you put in place to shield yourself from your environment escalating to become a hostile environment? According to the Equal Opportunity Commission (EEOC), US Companies have paid out more than $295 million in sexual harassment over the past 7 years. And

with these payouts, the companies also are experiencing the indirect cost of decreased productivity, increased turnover and reputational damage.

- In a 2016 Task Force Task Force Study, the EEOC recommends that employers should conduct climate surveys to assess the extent to which harassment is a problem in their organization.
- Provide a clear, multifaceted, 'multiple point-of-contact' process on how to report a violation. Yes, you can keep your open-door policy and encourage employees to go to HR, but it's in everyone's best interest if you develop a more robust plan. Ideas include: training a team of first respondents, violation hotline, access to a 3rd party HR resource, peer-review board.
- Clear & Swift Consequences for harassers. This should be kind of obvious, but if someone is creating a hostile work environment and making your employees uncomfortable, it's time to take action. Discipline should be prompt, proportionate and consistent.
- Once you have established how you will move forward, get out your Sexual Harassment Policy and your red sharpie and give it a do-over. Write it like you mean it, in clear uncertain terms. Look at it through the lens of someone who has been harassed.

12. Leverage the Latest HR Technology

Andrea Meyer, SPHR, CBP – Benefit Manager, WorkSmart Systems

An important component of creating an employee experience that will help your team feel more connected to your company is incorporating the right digital technology tools into their workflow. The key to remember here is that the tools should focus more heavily on catering to employee needs vs purely fulfilling business requirements. That being said, there are apps and platforms that are mutually beneficial to employees and their employer alike. Productivity and organizational tools like Basecamp, Slack and Trello work well for this. For improved employee engagement, there are pulse survey tools that help management regularly tap into how employees are feeling about their overall

work experience. Providing employees with wellbeing apps – like Limeaid – is another way to show you care about your team beyond their work-related contributions to the company.

13. Make it a Policy to Document Everything

Gary Romano, President & CEO, Civitas Strategies, LLC

The tip I regularly make for our small business clients (frankly, every client) is — document, document, document. It is a simple fundamental and yet the lack of documentation, particularly when there's an issue developing or at hand, is startling. About 90% of the time, when we are engaged on an HR issue there is little or no documentation to substantiate the employer's assertions. I always suggest logging the time, date, attendees, and summary of any conversation – even if you don't think it will be a problem in the future. Just write it in your notebook or even just in an email to yourself (so it's time and date stamped). If you never need it, no worries, but if you do, you have it.

14. Use Simple but Insightful Interview Questions

Carl Mazzanti, Co-Founder & Vice President, eMazzanti Technologies

We only hire techs who have high school work experience. So, we ask them, "What did your high school job mean to you?" We expect our techs to have a good work ethic and to treat customers with

respect. I have found that this question screens for those attributes better than any other. I want them to reveal what their priorities have been, not what they say they will be in the future. If work is not first or second, it's not a good match.

15. Create Your Own HR ChatBot

Cristian Rennella VP for HR & CoFounder, elMejorTrato.com.pe

After 9 years of working to answer our new employees' questions through live chat and calls, it was not until 4 months ago that we started developing our own HR chatbot. Thanks to Artificial Intelligence through Deep Learning with Google's TensorFlow platform, we were able to automate 66.9% of queries. With this, new employees get answers to their questions in seconds and our team only has to answer those questions that were never consulted before. This also helps the whole team because we do not have to spend time answering the same questions more than once. When using an HR chatbot, it is important that during the first few weeks, someone from your team is assigned to monitor each conversation to correct the bot when necessary. We made the mistake of thinking that everything was solved which led to "unhappy" new employees.

16. Hire Candidates Who are Compatible with Your Business Culture

Julia Kravchenko, HR VP, Qubit Labs

As an owner of a small business you spend the bigger part of your life at work and you can't avoid interaction with every single employee. That's why it's important to choose candidates according to their personal qualities. Hire only those people you feel comfortable to work with. To make sure that you're on the right way, introduce testing days or short probation periods. Do not invent tasks for your candidate, let he or she join the process as it is and you will see if a person is able to cope with the tasks. Also, make a list of the traits personally you appreciate the most and include them into a job description. Most of the companies copy this part from each other and it appears that everybody is looking for "sociable team players".

If you prefer working with independent people, don't be shy to indicate this information. Being honest and standing out of the crowd will increase your chance to fill the vacancy with the needed candidate.

17. Use Flextime and Self-Scheduling to Increase Productivity

Stacey Ferreira, CEO, Forge

One of the biggest struggles in customer-facing industries is presence. You need to balance being available to customers, while also offering employees morale-boosting work-life balance. Flextime self-scheduling arrangements are proving to be the solution. Employees have the ability to select their hours and schedule their work around other priorities in their life; and managers host a wide pool of talent, so there are always workers available to pick up shifts. This transfers the ownership of scheduling from manager to employee, which reduces costs of absenteeism, presenteeism, and unfilled hours. Providing employees with flextime arrangements is the key solution to overcoming the scheduling challenges that plague HR departments today.

18. Promote Diversity and Inclusiveness in the Workplace

Leela Srinivasan Chief Marketing Officer, Lever

Begin cultivating a diverse and inclusive workplace with small, easy changes. As you know, this is a current hot topic and an important area of focus for all sizes of companies. However, SMBs can often feel hamstrung by their budgets and resources when it comes to rolling out a Diversity & Inclusion program. Here are a few easy to implement tips for SMBs:

- Convert all job descriptions and website content to using gender-neutral language
- Hold an international foods potluck as a way of appreciating different cultures in your office
- Celebrate holidays and events for underrepresented minorities like Black History Month or Gay Pride Week
- Print inclusive bathroom signs
- Take a fresh look at the visuals on your website

19. Merge Millennials and Baby Boomers

Jamie Seeker, Founder & Chief Operations Officer, Seeker Solution

Millennials can have a negative rep in the business world and many business owners may stray away from hiring Millennials, but it can be a costly mistake. When hiring, it is important for biz owners to

stop comparing Baby Boomers to Millennials and implement a company structure that merges the two generations cohesively to bring out each of their strengths and similarities for a profitable, productive, and happy company.

20. Consult with Key Officers Before Rolling Out New Programs
Mollie Delp, HR Specialist, Workshop Digital

I believe that, whenever possible, Human Resources should look to receive feedback from key team leaders on new programs or processes before rolling them out. Leaders should be identified as members of the team that have an influence on others and are looked up to by peers. By doing so, you will get valuable feedback from people who are impacted, but also get buy-in from key stakeholders. It is much easier and quicker to get people to adopt changes when they feel as though they were a part of the process. This can also lead to overcoming potential issues or obstacles before everyone has access to the changes. There is nothing worse than running into a bunch of issues after rolling something new out that could have been solved in the development phase, this often leads to a distrust of the new changes.

21. Invest in Employee Training & Keep Employee/Culture Handbook Up-to-Date

Peter Terani, Founder & President, Terani Couture

Small businesses often build the best brands but we're faced with limitations that corporations don't have to struggle with (time, resources, plentiful workforce). To ensure you're effectively implementing best HR practices, begin crafting your employee handbook and company policies on day one and continue to keep it relevant and up to date as your small business grows; communicate these policies to every new hire during training/onboarding. By investing in employee training and company policies, you're investing in your team members and creating a policy compliant workspace for everyone.

22. Network with HR Professionals

Matthew W. Burr, Human Resources Consultant, Burr Consulting, LLC

My advice to any small business is to network with an HR professional or keep an HR consultant on-call if possible. The laws continue to change in this country and it impacts large and small organizations the same. Reviewing handbooks, labor posters and conducting HR audits is necessary to be successful and legal in this evolving business climate. Work with someone you trust and attend trainings on HR related issues. Chamber events, local HR chapter events, webinars are great places to pick up knowledge. Ask questions and do not assume a quick Google search will provide legal expert answers.

23. Encourage Risk-Taking

Steve Pritchard, HR Consultant, Cuuver

If you want to push boundaries and achieve outstanding results, you need to take a risk or two. However, your employees will only take risks if they feel like they can. The company culture at many small businesses can lead to employees playing it safe in the fear of losing their jobs if a risk backfires. This can stifle growth and discourages creative employees from trying new ideas. It can be difficult for small businesses to take risks as the potential impact of them going wrong could have a greater effect on the future of the business, but that doesn't mean you shouldn't consider taking any. Encourage employees to propose radical new ideas even if they could be risky, then calculate the risks and decide if they are worth taking.

24. Provide Your Employees with a Clear Vision of their Role in the Business

Jim Abrams, CEO, FYZICAL Therapy & Balance Centers

Being able to illustrate the future, to smart capable people, is critical to have them see their place within our organization. We provide a clear strategic vision as to how being a part of our enterprise will fulfill their ambitions, with boundless opportunity. It starts with a clear understanding of what the organization chart should look like today, five years from now and ten years from now.

Each key manager is provided with a copy of a "Gold Book" for their particular business. This is a book where I define the opportunity of the business, today and into the future, provide the strategy for achieving very large ambitious goals, their place in it and their future with the company. From there, populating the org chart with the right people and constant training and communication (hours of my time every week) and having daily reports to measure their success. Investment includes: outside seminars, conferences, reimbursement of tuition and constant interactions to make sure they do not lose sight of their longer term goals.

25. Always Be Recruiting

Brad Owens, Hiring and Retention Expert, HR Coaching

Small businesses should always be recruiting talent. When you go out to eat, notice the service you get. When you're interacting with the other parents at your kid's school, think about who fits with you. The best time to think about adding someone to your team is when it's not imperative that you have that spot filled today. If you're able to take your time and select the right talent you want on your team for the long term, you're setting yourself up for a much smoother ride. Hiring mistakes are some of the most costly things you can get wrong in business.

26. Check Social Media When Hiring

Grant van der Harst, Managing Director, Anglo Liners

This is something that all businesses should now be doing when hiring.The way people act during interviews doesn't always reflect the person that they actually are. Remember, an interviewee will display a sensible, professional attitude to try and impress you, to land the job. As an employer, you will get a much better idea of who they are by scanning their social media profiles. After all, you don't want to hire a candidate who posts abusive comments and inappropriate photos on Facebook. That's why more sensible and professional candidates will likely have their accounts set to private.

27. Get Your Staff Involved in the Hiring Process

Jana Tulloch, Human Resources Professional, DevelopIntelligence

Often, small business owners are pressed for time as it is, and trying to fit in HR activities can be a challenge. Hiring is one of them; super time consuming, but necessary. Why not get your staff involved? Who better to help assess candidates than those who will be working side by side with them and know the job well? Give your team a few parameters to go by, and then let them take on the task and present you with their recommendation(s). This also increases engagement of your existing staff, when they are given opportunities to go outside of their normal duties and contribute on another level.

28. Encourage Regular Feedback from Employees

Sophie Lhoutellier, HR Manager, Badger Maps

At Badger Maps, we highly encourage and value constructive and regular feedback from our employees in order to constantly improve our processes and management. Google docs and surveys are a great way for us as small business to collect, manage and analyze employee feedback. We send out surveys to new employees after their second week at Badger and then again after 8 weeks to evaluate and improve our onboarding process. We also send out regular surveys for general feedback to all employees. Creating Google surveys is very easy and fast which saves the HR team a lot of time. You can adjust the surveys or create different versions, so it's a scalable process, and it allows you to see and manage the results immediately and get a great overview of the responses.

29. Set Up a Formal Onboarding Process

Tom Hammond, VP of Corporate Strategy & Product Management, Paychex, Inc

While many small businesses think they're too small for a formal onboarding process, the truth is streamlined, electronic onboarding can help level the recruitment playing field between smaller companies and larger organizations. From pre-hire through their first six months, employees form critical impressions that impact retention and performance – and establishing a clear, formal onboarding process can set each new employee up for success by helping them navigate an

organization and understand what it takes to thrive in their new position. A comprehensive onboarding process should communicate cultural norms, clarify expectations for performance, and help improve internal communications and relationships – all the better if onboarding can be completed through automated, paperless software.

30. Invest in an HRIS System

Robin Schwartz, Managing Partner, MFG Jobs

A HRIS system (or Human Resource Information System) is a comprehensive software that allows one person to do it all – alter payroll, hire and terminate employees, update addresses, track vacation, etc. Small businesses shouldn't be put off by the potential cost of an appropriately sized HRIS system. Many also have features that allow for applicant tracking during recruitment. If you want your employees to get behind HR initiatives, start by ensuring they're being properly handled.

31. Fire People When You Should

Dr. Kim Turnage, Author and Senior Leader, Talent Plus, Inc.

If you want to build a top performing team, it will not be for everyone. Sometimes letting someone go is the caring thing to do, both for that individual and the team as a whole. When someone is

unsuccessful and underperforming, by all means, teach, coach and provide opportunities to improve. But when you know in your heart of hearts that additional effort will not help, do the compassionate thing and fire that person.

32. Train Supervisors on Employee Appraisal

Prof. David M. Kopp, Ph.D., Associate Dean, Barry University's School of Education

While you'll find that there are many performance appraising instruments and methods out there, whatever the instrument used, you should regularly evaluate and memorialize the state of your employees' performance. This is true, not only to assess if the employee's current performance meets, exceeds, or falls short of expected performance, but also from a developmental and career pathing standpoint. Remember, performance appraising should not be done casually. It is imperative that your supervisors be trained on how to appraise correctly so to avoid potential rater errors. Frequent errors include:

- Halo effect, the tendency to make inappropriate generalizations from one aspect of a person's job performance,
- Leniency, the tendency to evaluate all people as outstanding and to give inflated ratings rather than true assessments of performance,
- Central tendency, evaluating every person as average regardless of differences in performance, among other rater errors.

And, while there is an assumption that your employee is being evaluated on what you hired them to do per the job description; however, this is not always the case. While most of jobs are broken out between: must do/know, need to do/know, and nice to do/know, sometimes supervisors overly focus on how well the employee is doing in the nice to do/know, while overlooking that the employee might be marginal in the must or need to do/know.

BONUS: Don't Wait Until the End of the Year to Do a Performance Review
Jessica Mazzeo, COO, Griesing Law

Data shows now more than ever that waiting until the end of the year to discuss an employee's performance – whether good or bad – is not only ineffective but leads to employee dissatisfaction and turnover. When meeting with employees, provide constructive feedback and be prepared to include suggestions for future improvement, discuss upcoming goals (set by both you and your employee) and learn what resources the employee might need to be successful and motivated. Quarterly performance evaluations can help implement a culture of constant learning, development and improvement where the performance evaluation becomes a dialogue of accomplished goals rather than seen as unattainable. However, it is no good to provide constructive feedback to employees but not follow up when there has been no change or not praise the employee when expectations have been met.

Now that you're familiar with some of the HR best practices, here's Fit Small Business' step by step guide to hiring and keeping great employees.

The Bottom Line

The role of human resource within a small business highlights the importance of the relationship between the company and its employees. It's important to remember that while every business starts out small, how you establish your HR policies will heavily impact your business growth as well as your reputation as an employer.

About the Author

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Anna Lynn Dizon specializes in writing tip lists and other content for Fit Small Business. She is a business and finance major who previously worked for a US risk mitigation company in its regional office in Singapore. Anna started her writing career as a research and writing assistant for eBooks on various niches. She spends her free time giving English tutorial lessons. She is also currently working on her Master's Degree in Language and Literacy Education.

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