

The McKenzie Mailer

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Are You Still Managing by Folklore?

One of the best ways to avoid issues with employees is to have a written document in the form of an employee handbook or policy manual that states how a company will deal with specific concerns. "That's the way we've always done it," is a mantra often heard in the business world today. This mantra can cause a company trouble. Employment compliance and day-to-day employee issues are becoming increasingly complex. When dealing with issues such as workers compensation, absenteeism, low performance or a discrimination complaint, the company should have a policy and procedure in place on how these issues will be dealt with.

Running a business has gotten very complicated. The government has imposed a number of reporting requirements on businesses. Many small businesses do not know the Fair Labor Standards Act has guidelines in place that specify when a position can be classified as an exempt (salaried) position. Many companies mistakenly classify positions as salaried when they should be hourly and, therefore eligible for overtime pay for hours worked over 40 in a work week.

Still others do not know that they are required to verify the identity and work authorization of every employee they hire. How many know that all of their new employees must be reported to the state in which they work to ensure that the individual does not owe back child support?

Recently, a company with over 500 employees was found to be out of touch with current regulations. The company has been in business for over 60 years and has not changed the new hire procedures in that period of time. New employees have not been required to complete an I-9 form since the Immigration Reform and Control Act went into effect in November of 1986. At \$1,000.00 per violation, this could have resulted in a major expense to the company.

Organizations that do not have policies on discrimination, harassment, electronic communications and other items that are important to both the company and the employee are at an increased risk of having the employees go outside the organization such as the Equal Employment Opportunity Commission or an attorney to get some of their problems resolved.

To keep the issues in house, write down and inform your employees of your policies and practices. I have recently been involved with a number of companies whose owner or chief executives I consider to be visionary. These include the owner of a company with three employees who before embarking upon a growth strategy wanted to be sure that his company was following the rules and regulations and had an employee handbook in place. Others with less than 10 employees are finding it beneficial to stop managing by folklore because they feel they must be proactive in dealing with the inevitable employee issues before they become issues. Putting off the development of policies and procedures for absenteeism, performance management, holidays, vacations, leave administration, job descriptions, electronic communications, etc. can only lead to trouble down the road.

Large companies manage by folklore too. Change is a difficult thing to undertake. Even when new policies and procedures are developed and communicated, many seem to revert back to "the way they have always done it".

Do not continue to manage your organization by folklore. Document your policies and practices in a handbook or policy manual. This will go a long way to ensure that you do not get into hot water.

Have a great month.



In memory of those who lost their loved ones on
September 11, 2001.

McKenzie & Company

Your Solution to Employee Issues

Bob McKenzie, President

www.mckenziehr.com

220 Seamist Court

Ponte Vedra Beach, FL 32082

Telephone: (904) 273-8637

Cellular: (904) 501-4083

E-mail: bobm@mckenziehr.com