

WRITING A Company Manual

by M.M. (Mike) Weiss, Jr.

Putting your
policies on paper
improves morale
and prevents
misunderstandings

Did you know that, when interviewing a potential employee, you can't ask their age but you can ask their birth date? I discovered that gem of bureaucratic logic while putting together a company manual for my 20-person remodeling firm. This kind of surprise discovery is just one of the side benefits that justifies the time and effort that goes into researching and writing a manual.

Why Write a Manual?

I decided to write a manual because my company was growing. The subjective and sometimes inconsistent way I had handled policies, such as what the dress code was and whether to advance vacation time, was causing misunderstandings. I needed something that would help everyone, including me, understand the "rules," as well as the company's business philosophy. Clearly, after five years in the business, it was time to write things down.

If you're big enough to have a staffer in charge of human resources, the temptation is to have that person do the bulk of the work on your manual. You'll find, however, that the end product is likely to weigh as much as a good keeper walleye, and have a table of contents at least five pages long. Reading it will be a great cure for insomnia. I think it's best for the owner or president of the business to do at least a detailed outline of what should be included. (Once I decided it was really time to sit down and do it, I was able to sketch a rough draft in one weekend.) The end result will be shorter, plus writing it yourself will teach you a lot about your business.

What drove the writing of our manual was the need for clear and consistent policies about fringe benefits like sick leave and vacation time. Our company, like most these days, is made up of working spouses with children. When both spouses work, coordinating vacations can be a nightmare for the family, and raises several questions: Do you advance unearned vacation time to an employee whose spouse can only take vacation at a certain time? Can an employee carry over vacation to another year or take pay instead of time off? If so, how much? Do you lend some time to someone who is sick for longer than their accrued sick leave? Spelling out the answers makes your policies clear to current and potential employees.

I believe paid time off is important. Everyone needs to get away, to spend time with the family and to get rid of the stress that comes at times to all jobs. Not too many years ago, small construction

Getting Started on Your Company Manual

This outline of our company manual is intended to serve as a springboard for you to start thinking about what to include in yours. If you're thorough, your manual will most likely include a lot of the same information, while differing in key areas. It depends on where you live, the size of your company, and the particulars of your business.

Whatever you decide to include, your manual will be most useful if you try to write it from the perspective of the people who will use or benefit from it. As a reality check, ask someone who is not familiar with the details of your business to critique the draft for you. Then show it to your employees. And make sure you have it reviewed by your attorney.

■ Introduction

This section includes our mission statement, a welcome statement, a brief company history, business references, and a statement that we're an equal opportunity employer. By its nature, a manual tends to focus on prohibitions instead of positives. The introduction is the best place to put a friendly face on your company.

■ Conditions of Employment

We stress the importance of giving accurate information on the job application and during job interviews. This section also includes policies on probationary status, starting and quitting times, breaks and lunch hours, and limitations on outside employment.

■ Compensation

This section describes how often employees are paid, when the first check is due, our overtime policy, our schedule for performance reviews, and how we handle changes in pay status. An explanation of performance reviews also belongs here.

■ Benefits

Included are the details of our insurance and retirement plans, holiday and vacation policies, and what company discounts are available. It's important to reserve the right to change any or all benefits without notice (provided the changes are lawful).

■ Conduct

This section defines what company information is confidential, stresses the need for honesty, and lays out how employees will address clients and treat their property. It also includes our dress code, the language we permit on the job, our policies on smoking, drugs, and alcohol, and our prohibition of racial, social, or sexual harassment.

■ Equipment, Tools & Safety

Here we list the safety equipment required on the job, the acceptable condition of the tools we use, and what employees should do in the case of injury or property damage. This is a very detailed section. It's important for personnel to know what to do in the event of an accident that causes injury or property damage. Our manual is quite specific about this, and we explain it to employees after they've read it. We also state our policy on OSHA compliance.

■ Administration

This section states general company philosophy, and covers any issues which don't fall under the other headings. These include what offenses will lead to termination and what conditions will be grounds for random substance abuse testing, as well as our grievance procedures.

companies rarely gave paid vacations to hourly workers, and while holidays were observed, most companies didn't pay for them. With today's shortage of skilled labor, however, you need a good benefit package to lure and retain competent talent.

Assembling the Pieces

I started the writing process by looking at other companies' manuals. Some of our larger suppliers had them, as did some of the companies our employees' spouses worked for. Once I knew what we wanted the tone of our manual to be, I asked three of my employees to list the topics they thought we should cover. Their lists were nearly identical, and included conditions of employment, compensation, benefits, conduct, tools and safety, and administration (see "Getting Started on Your Company Manual").

After settling on the list, we sought out some guidance on how to proceed. Our company is a member of the National Association of Homebuilders (NAHB), whose legal department is an invaluable source for general legal advice (though it does not act as a for-hire attorney). They warned us about some of the potential legal pitfalls we faced, especially in the areas of hiring and compensation, and let us know what you generally can and can't do (even, as I've pointed out, what questions you can ask an interviewee). The NAHB Bookstore also had some good guidelines available, as did our public library.

To supplement all of this general advice, we also asked our attorney about our state's hiring guidelines. For instance, we require potential hires to take a simple, 12-minute test that shows how well they can follow written instructions; we also have all skilled field applicants complete a construction skills profile, telling us what they know how to do. We do a background check on everyone, which includes credit, driving record, criminal history, and education verification. The requirements and procedures that go along with these checks vary from state to state.

When the manual was substantially complete, we ran it past several employees for their comments and suggestions. This improved the manual, since the employees had concerns that needed to be addressed. One of these was that the manual be manageable in size. Keep it short but clear, they said (ours is 23 pages long).

If you decide to write your manual piecemeal, don't show it to your employees until you have a complete draft. A complete draft mixes positive policies with the less palatable rules. By presenting these together, you'll get more balanced feedback. In addition, you will find that your employees bring a lot of interest and enthusiasm to the project, but may not be able to sustain it over the extended time required for a piecemeal review.

What to Cover

How many employees you have affects the issues you cover (and in how much detail) more than how much business you do. If you have eight employees, it's easy to communicate directly with all of them, so a short, basic manual may be all you need. When you have a dozen or more people, as we did when we wrote our manual, you need a lot more detail.

That said, we found as we cut and rewrote our manual that we didn't need a rule for every situation. In fact, I consider the best parts to be those that help employees form judgments rather than simply giving them rules. This is so important that I'll back an employee who

Policy Excerpts

VACATION

Upon the completion of one full year of continuous, full-time employment, you will receive five (5) days paid time off. Vacation time the first twelve (12) months is not accrued and no vacation time is due to any employee until one full year (365 days) of service is completed.

SICK PAY

After six (6) months continuous full-time service, employees earn paid sick leave at the rate of five (5) days per year. Sick leave may be accumulated to a total of ten (10) days. If sick leave is taken for three or more days consecutively, the employee shall furnish a physician's explanation of the reason for absence. Earned (accrued) but unused sick leave shall not be paid upon termination.

Management may at its discretion, advance sick leave to any employees without creating a policy or obligation to do so for any other employees.

ORDERING, PICKUP/RETURN OF MATERIALS

All materials and/or equipment used for jobs are to be ordered with a job number. Suppliers are told NOT to give materials out without a job number but sometimes they forget — make sure it is on the ticket. Turn in all receipts EVERY DAY!

SALVAGE

Salvage of items from any job site is prohibited without the permission of your supervisor. This does not include permission of the client. Salvage rights to all materials or items removed from the job site belong to the company unless the materials and other items are to remain the property of the client.

Employee salvage is permitted and welcomed, provided it is cleared by the supervisor. Items so covered are to be removed from the job site or office immediately.

Note: Excerpts are taken from the Weiss & Company manual and may not comply with the laws of your state. Check with an attorney. The excerpts have been used with permission and may not be reproduced without the written consent of the author.

Policy Excerpts

EMPLOYEE PURCHASES AND DISCOUNTS

After six (6) months of continuous service, full-time employees may purchase products through the company and shall be entitled to certain discounts. All purchases shall be approved in writing by the president of WCI before placing the order. The employee will be responsible for payment (in full) upon delivery. In some cases the employee may be required to pay a deposit with the order. WCI offers no warranty for any such purchase and will not participate in any delivery or installation thereof without prior written approval by the president.

EQUIPMENT & TOOLS

All company-owned, portable tools and equipment for the job are to be brought back to the company each day. For any exceptions, see your supervisor. If in doubt, bring it back — Remember, you may not be going back to the same job the next morning and the tools may be needed elsewhere.

ORDERS FROM A CLIENT

Occasionally, a client may ask you to change something from the plans or instructions you were given by the company. When this happens, make whatever notes you need to have complete instructions and inform your supervisor. If it is something the client wants done right away, explain that you are not authorized to make a change without first clearing it with the office. If the client says they will take the responsibility, it makes no difference. Apologize, but be firm and get in touch with someone. This is for your protection.

MOONLIGHTING

If you are requested to perform duties outside your regular responsibility or asked to do work on your own time for less money or more money, politely explain that you are not allowed to do that and tell your supervisor ASAP. Do the same if a client asks you to recommend someone else.

makes a wrong decision if the intent of the decision was to support a company policy.

For instance, we don't allow moonlighting. That doesn't mean one of our employees can't help build an addition for his parents or his church. But we want to talk about it first. Everyone understands the intent is to keep people from working a second job.

We don't let employees salvage materials on tearout either, even if the homeowner says it's okay. Salvage rights belong to the company, and are company property just as much as the new lumber. Employees who want to bring home a couple of old windows must get permission from a supervisor first. We also don't want employees to use first names with clients. The intent is to treat clients with respect and to let the client decide what his or her relationship is with the lead carpenter or project manager. If a client tells an employee to address him or her by first name, that's okay; but the client should be introduced to a third party by the appropriate title, whether it's Mr. Jones, Ms. Abraham, or Dr. Smith.

Who Gets a Copy?

Once the manual was complete, we made copies for all our employees. We asked each of them to read it, and to sign an acknowledgment that they had done so. The acknowledgements went into their permanent personnel files.

We've also found it worthwhile to show our manual to our vendors and subcontractors. Not only does this enhance our professional image among the people with whom we do business, but we consider it only fair to let them know our policies on things like smoking and loud radios before they show up at one of our job sites.

By the way, we call our manual a "company" manual rather than an "employee" manual because the policies it contains apply not only to employees, but also to vendors and subs who interact with employees and clients.

Other Benefits

Our manual has been of extraordinary value in hiring. I ask interviewees to show up 10 minutes early, and hand them a copy of our manual to browse. It answers a lot of questions they would have asked in the interview, allowing me to focus on the questions I want to ask about them. I let good prospects take the manual home with them to show to their family. This lets the family decide together whether the company is a good fit for them, which really reduces turnover later on.

If a prospect is considering other job offers, the manual can show them why your company is a better place to work. Just the fact that you've taken the time to think through your policies and write them down can make an impression. The more organized, thoughtful, and cohesive your company is and appears to be, the more inviting it will be to someone making a career move.

At times, our manual has even served as a sales aid, since it helps reassure potential clients about our management abilities. If you decide to write a company manual, make it a good manual about a good company. I'll bet you'll discover, as we did, that it's a versatile tool.



M.M. (Mike) Weiss, Jr., CGR, is president of Weiss & Co., Inc., a design/build remodeling firm in Carmel, Ind. He is national chairman of the NAHB'S Certified Graduate Remodelers Board of Governors.