



EMPLOYEES CAN BE RISKY BUSINESS!

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December 2004

Published in the National Association of Elevator Contractors' bi-monthly newsletter *MainLine*

Most businesses are aware of risks and challenges to their success – in fact, the list can seem rather daunting: aggressive challenges from competitors, damage to property from acts of God, theft, an accidental injury to a customer - and the list goes on. These are the ones of which we have some awareness. What about others we haven't thought about? Let's consider some of those related to employees.

It goes without saying that the success of any business is directly related to the strength and commitment of its employees. But what happens when we make the wrong hire? In such instances, we may be at risk on several levels. The financial risk of a poor hiring decision begins with the cost of recruiting, orienting, training, and coaching to bring this individual up to a high level of productivity. When an employee paid \$8 to \$10 per hour leaves an organization within 6 months of hire, the company loses about \$35,000 - and this is unrecoverable. Multiply that figure by two, three, or four poor hires in a year, and that's a lot of money!

Another risk involved in poor hiring decisions is the possibility of poor behavior on the part of an employee. For most of us, it's just common sense that certain behaviors do not belong in the workplace. However, as Stephen Covey says, "Common sense isn't always common practice." How do we protect the business from some of these behaviors and eliminate problem employees without additional risk? The answer lies in having strong policies and procedures which set the rules and expectations for behavior in the workplace. Managers and supervisors use these policies and procedures as a guide for action when unacceptable behavior occurs. In addition, if the organization publishes an Employee Handbook which summarizes policies and standards, employees will be informed of rules and expectations. When everyone knows the rules, appropriate behavior is more likely and it makes day-to-day decisions much simpler!

When an employee's performance or behavior becomes problematic, handling the situation sensitively and decisively is critical. The worst message that employees can receive is that poor performance is not only tolerated, but in some cases, seems to be rewarded! Do you have a progressive disciplinary process that documents the problem behavior, the actions to be taken, and consequences if behavior does not change? When such a process is implemented in an organization and consistently followed, performance and behavior problems are quickly and effectively addressed. Additional benefits are that other



employees see that such behavior carries consequences, and that employees with continuing problems will be exited out of the organization.

Unless an organization is new to the North American continent, they undoubtedly have read about the enormous financial awards resulting from sexual harassment lawsuits. How does a company – especially a small to medium sized company – protect itself from the risk of financially crippling lawsuits? Again, strong policies and procedures that are consistently published and followed is the first step. The second step is not to assume that every employee understands what behaviors constitute harassment – sexual or otherwise. Documented training is the second key. The courts have held that companies that offer initial training to new employees and periodic training to all employees – managers, supervisors and staff – have made reasonable efforts to prevent inappropriate conduct, which improves the chances of defending such a claim if the conduct occurs despite training. (Note: Simply playing a video is not considered as adequate.) Another word of warning – the courts are beginning to look at harassing behavior that is NOT of a sexual nature as constituting a hostile work environment. Given the amount of these court awards, the cost of training becomes a minimal investment!

There are many laws surrounding the workplace and employment. Most business owners want to focus on the business of their business, and not the myriad issues surrounding employment. Using outside resources to help with these important issues is a good business decision – just like the decision to use a CPA to handle tax concerns. The Hopkins Group has exceptional expertise in all areas of Human Resources. All our senior associates are Human Resources professionals with the highest level of professional certification. We also subscribe to a national program that keeps us up to date on all Federal and State laws and regulations around employment. As a benefit of your membership in NAEC, you have access to this wealth of information – your first 30 minutes of consulting is free!

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