

Sharon Elaine Thompson

BY THE BOOK

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No matter how small your business, even if you only have one employee, you need an employee manual. Here's why and how.

by

Sharon Elaine Thompson

Yours is a small, family-run business. It's just you and your spouse, sibling or parent; a part-time jeweler and watchmaker; and a few sales associates. Everything is friendly and informal. You have no need for an employee manual.

Not true, according to Kate Peterson, president and CEO of Performance Concepts in Montgomery Village, Maryland, (www.performanceconcepts.net), consultants specializing in education, training, and business development for specialty retailers and suppliers. "It doesn't matter how small you are," says Peterson. "The minute you hire one person, you're an employer and you have to act like one." In fact, having an employee manual is so important to a business, she says, that when her firm is hired to do an analysis or assessment of a business, "the first thing we look for is the book."

Whether you have one employee or 101, the most compelling reason to have an employee manual is consistency—in training, in treatment of your employees, and in communication, says Peterson. "What gets people into trouble are not their policies but how consistently they apply them." An employee manual, "sets the standards so there are no misunderstandings," says Suzanne DeVries, president of Diamond Staffing Solutions, in Derry, New Hampshire (www.diamondstaffing.com), a national placement service that focuses exclusively on the jewelry industry. Inconsistency can lead to anything from mild

friction in the store to a full-blown lawsuit. "You don't want to get into he said/she said/they said/we said," says DeVries. "You want to be able to refer them to the manual."

No small employer plans to be inconsistent. But for many independents, says Ryan Blumenthal, manager of Corinne Jewelers in Toms River, New Jersey, the policy manual is "in the owner's head. They do their best to transfer that knowledge." But doing that consistently, "is impossible if you don't have something like [a manual]," he says.

Consistency is most important in the way you treat your employees. A written manual ensures that everyone is treated "equitably across the board," says Ronda Daily, owner of Bremer Jewelry stores in Peoria and Bloomington, Illinois. "Without a manual, you don't always have that equity, no matter how much you want it."

Having policies clearly defined in a manual helps employees meet the expectations you have when you hire them. "Most employees want to know what you want," says Daily. "They want to know your boundaries and your expectations."

"Part of our job as managers and owners is to set up a system of success for employees," says Blumenthal. "That starts with having a manual that outlines clearly what your best practices are and your policies and procedures, everything that makes your store special."

Even the obvious has a place in a manual, because not even expectations such as employees should be on time, be honest, be courteous, or behave properly to each other may be obvious, says Peterson. "'Common' and 'sense' do not exist in the same sentence when we're talking about an employee policy," she says. The only way to make sure employees know the ground rules is to tell them. "Just because you know it, doesn't mean that [your employees] know it."

Written expectations make employee evaluations easier. "We've made [our policies] very clear [in the manual]," says Blumenthal. "We've decided that these are the

standards. If [the employees] are not living up to [those standards] we can see that they aren't living up to them." This is particularly important when it comes to termination, says DeVries, as there are certain procedures you have to follow. "The first step to legally terminating an employee is to sit down and have them understand the policy and the expectations and counsel them when they are not meeting a standard," she says. With an employee manual in place, says Daily, "you can stand behind [your policy] and say, that's the way it was when you were hired and nothing has changed."

Legalities are a good reason to have a manual. Employees are more savvy about their rights as employees than they were in the past. It used to be that if the boss said jump, you said how high and how soon, says Peterson. Not today. "Today, if you tell employees that they can't take the day off, they say show me where that is written," says Peterson. If you can't defend your actions with a written policy, you may have a problem.

State labor laws require certain information be given to an employee, and an employee manual is often the best place to do that, according to Lisa Guerin and Amy DelPo in *Create Your Own Employee Handbook: A Legal and Practical Guide*. "Just having a handbook on your shelf can help you comply with the law and cut your risk of lawsuits," they write.

"Something as specific and clearly defined as a sexual harassment policy is not a luxury," says Peterson. "You can't think, 'I'm too small. It won't happen to me.' It can." It is far better to address potentially explosive situations, such as sexual harassment or theft, determine the consequences of the behavior before anything happens, and write it down, than to wait until disaster strikes. For example, if you have set up a way to complain about sexual harassment before it happens, write Guerin and DelPo, "you can use the complaint policy as a defense should someone ever sue you."

Sensitive issues, such as sexual harassment, are better handled in the broader context of a manual than any other way, says Peterson. If you publish a single-page policy statement on sexual harassment, either before or after an incident occurs, she says, “it sounds more defensive than it does in the context of an entire employee manual.” In the manual, it is simply one policy among many.

Contrary to what you might think, having a manual in place creates a positive impression on new hires. “An employee perceives a company as being more professional when they have a manual in place,” says DeVries. It is simply something today’s employees expect, says Peterson. “Employees ... are more demanding in terms of leadership. They come from other industries or other companies where the manual is the standard, not the exception.”

Hiring new employees who come from other industries is another good argument to have an employee manual geared to your store and the jewelry industry in general. Jewelers take certain things for granted, such as security and confidentiality, that may not be the norm in industries such as ready-to-wear. “Confidentiality is critical,” says Peterson. “We hear story after story where employees said the wrong thing to the wrong person at the wrong time and got the store into a lot of trouble.”

Beyond the benefits of being able to consistently transmit store policy to employees, and protecting yourself legally, there are other benefits to creating an employee manual. In the process of deciding what they want to tell employees about the store and its policies, owners are forced to clarify for themselves just what makes their business different from others, what is important to them about being in business, and just who they want to hire to work with them.

“As you’re looking at the manual, you begin to look at the workplace policies you have set up, at what is non-negotiable in employees and how your employees represent

you as a store,” says Blumenthal. The process of creating the manual for Corinne Jewelers made managers realize how important employee training was, he says. “We went from not being as consistent [as we could be] in training, or not having training as our biggest priority, to where training and the continuation of training is our top priority.”

Employee manuals should include the driving philosophy behind your business in the form of statements of core values, vision and mission. The statement of core value and the vision for the business must be those of the business’s leader, says Daily. “No one can tell you what those are.” They underlie everything else. “If someone says, my core value is to make a lot of money, how they treat people and their vision for the company and their mission will be a lot different from having honesty and integrity being in the forefront of everything you do.” The difference in values may make no difference on your bottom line, she says, but will make a great deal of difference on how you get there. “My core values are honesty and integrity for our guests and for our vendors and for each other,” says Daily. “That is who we are and what we do. If someone can’t live there, then they can’t live with us.”

“When you know what your core values and your vision are, you sit down with the management staff or the complete staff and talk about the mission,” says Daily. “They have to buy into it, hugely.

Clarifying and writing down your core values, vision and mission can be invaluable to a manager or owner, says Blumenthal. “If you get lost in a month or a day, you can read your mission and vision statement to get inspired again. It really forces you to remember what is important to you.”

It’s a good bet your employees will be inspired as well. Blumenthal was surprised when he started listening to the sales presentations being made by his sales associates. “You hear some of the tag lines that associates use,” he says, “[tag lines] that you put into

your mission statement or your core values, [things] that you took the time to write down. They're able to cite it from the manual. " As Blumenthal listened to associates explain the store values to customers, and what sets Corinne Jewelers apart from competition, he knew they really understood the company. "That was a great surprise. I know they didn't just flip through the manual. They had read it and were able to translate it into selling power and great understanding of the place they go [to work] every day."