

HR for Small Business

What You Need to Know



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Introduction

When you're an HR professional in a small business, it's pretty standard to have a lot on your plate at any given time. You've probably come to expect it. There are a lot of moving parts for you to look after, and you're determined to handle each and every one of them with excellence—and for that, we applaud you. Beyond tipping our hats to the hard work you put in, we have some strategies to help make your job easier and even more effective.

In small business HR, you get to be involved with multiple aspects of the employee life-cycle and help influence your team members' satisfaction. Your role is much more than the sum of its daily tasks, like running payroll, filling out forms, and administering compliance training. You help shape the experience of employees throughout their time with the organization.

In this ebook, we'll look at key aspects of your role, including:

- Recruiting
- Compensation
- Compliance
- Performance & Engagement
- Culture
- Learning & Development
- Analytics & Employee Satisfaction

Let's dig in to understand how your responsibilities influence the big picture of employee experience.

Recruiting

Finding Good People and
Keeping Them



In the current environment, recruiters are seeing greater competition for employees. There are more job openings than there are qualified applicants to fill them. Desirable candidates have more options than ever for choosing a job. The longer it takes to fill a position, the more time and money your organization will need to spend on the recruiting process. It's no wonder that recruiters and employers want to speed up the process by making their organizations as attractive as possible while retaining the employees they fought so hard to bring on board.

Where organizations run into trouble is when they rely on recruiting techniques that make special cases for individuals or groups that ignore long-term realities for a quick recruiting win. Recruiters might decide that a high salary will lure in hard-to-find candidates for niche positions, or that offering a higher salary will make the difference for a choice candidate with multiple offers.

These tactics might seem helpful in meeting recruiting goals on time. But they come with several undesirable consequences. Employment and compensation isn't just a one-time deal revisited every other year—it's an integral part of the employee experience, one that more and more

people are sharing with their friends, co-workers, and the world at large.

As coworkers compare notes, they will discover any salary disparities. If a new employee receives a similar salary without the same experience level or qualifications as their coworkers, then your current employees are going to question the value your organization places on their experience, not to mention their potential for future growth.

This effect is known as salary compression, and it decreases employee satisfaction and engagement. As employees compare their compensation unfavorably with their coworkers', it becomes easier to start looking for a job that will pay them what they feel they're worth.

It's important to fill positions quickly. But it's more important to align the candidate's salary expectations and contributions with the long-term reality of their new position. Defining a salary range for the position will help ensure that the employees you hire have room to grow and develop in a way that matches with their career path. It's better to take your time hiring an employee who stays than it is to spend additional time and resources replacing a mis-hire.

Compensation

Six Key Steps to Developing
a Formal Plan





1. Develop Your Compensation Philosophy

Every compensation plan needs a philosophy, which is a statement that outlines the high-level goals that your organization is looking to accomplish with its compensation budget. A compensation philosophy clarifies to your employees what your company believes in, what values you hold dear, and what you've chosen to reward.



2. Define Your Compensation Strategy

A defined strategy will answer these questions:

- Which talent market(s) do you compete for talent in?
- How competitive do you want to be in regard to others in your talent market?
- What do you want to reward? Tenure? Performance? Specific skills? A combination of these things?

Talent markets are defined as the combination of size, industry, location and organizational type that you select. The market you select should reflect where you compete for talent, not necessarily where you compete for business.



3. Perform Salary Benchmarking

1. Select sources of salary market data

Ideally, you'll want to have at least two to three data sources to work from to guarantee the accuracy of your results.

- Published, traditional surveys
- Crowd-sourced data
- Custom surveys

2. Choose positions to benchmark

When selecting your benchmark jobs, start with those positions that are standard across different industries. Next, choose industry-specific positions that are standard at your company compared to positions in other organizations within your industry. Avoid using positions that are a blend of two or more positions. Don't force matches to market data for non-benchmark positions.

3. Weighing your data

If certain sources are likely more accurate, you want to make their data have more influence over the final salary range you come up with. You can weight different sources more or less than other sources on a position-by-position basis.



4. Develop Pay Ranges

Pay ranges are guidelines for paying people based on the market value of their jobs. Pay ranges also help smooth out daily or monthly market fluctuations and set upper and lower bounds of possible pay. The market value approximates the midpoint of the range. Typically, you'd bring people into a job at or near the minimum of the range and as they gain skills and experience, they'd move up the range. Essentially, you pay people at market once they've demonstrated their value.

For smaller organizations, creating job-based ranges may be best. Job-based ranges provide a min, mid and max for each job in each geographic location. They are built around the market value for the job. As a general rule, your range widths should get wider as you go up levels in the organization. Typically, your ranges would be narrower at the base of the structure to allow for movement between jobs. Ranges are wider at the top to allow for more differentiation of skill set, experience and performance, as well as to allow for more longevity in the role. For more information on how to [build a grade structure](#), check out this webinar.



5. Update Compensation Policies

Compensation policies are important to ensuring that your comp plan is carried out as intended. This includes things like how often you will review salaries, how do you give raises, what you expect managers to do in the salary increase process, and what's the time-line for salary increases to happen.



6. Clarify Process

Last, you'll want to specify processes, or the tactical steps you want the organization to follow. For example, how do you handle requests to do ad-hoc reviews of jobs? How do you work with managers when they request that their direct report get a raise? When can employees expect to see increases?

Compliance

More than Checking Boxes



HR professionals have to strike a delicate balance: you need to protect your organization from legal challenges and ensure that your workplace is physically and socially safe for your employees; but you also need to provide employees with human connections. For HR professionals in small business, an inefficient administrative process can engulf each workday in client issues, leaving little time for other important people issues like culture or employee satisfaction.

Employees can also feel the effects of inefficient administrative processes. In fact, an inefficient process can undermine the intention behind a policy.

Consider PTO: if it takes two weeks for a PTO request to get through a complicated approval process, then your employees have an unofficial limit on how they can use their time. And if there aren't enough employees to cover their workload in their absence, they may end up working during their vacation or dealing with stress and burnout as they complete projects in advance.

As you implement benefits and other policies in your workplace, you need to make sure that the end result matches the intended benefits. Getting approved for vacation time may handle payroll compliance, but it doesn't automatically assure that an employee will have the relaxing, rejuvenating experience that a vacation is supposed to provide, or that their performance will improve when they return to work. It takes more than checking a box to provide the experience that your employees expect.

Thankfully, [HR software with employee self-service](#) can streamline the employee experience while improving accuracy in compliance-related issues such as hiring, payroll, benefits, and time off. Implementing employee self-service has several benefits:

- Signing new hire paperwork on-line lets the on-boarding process begin before the first day on the job, giving new employees time to focus on training and making connections with their new teams.

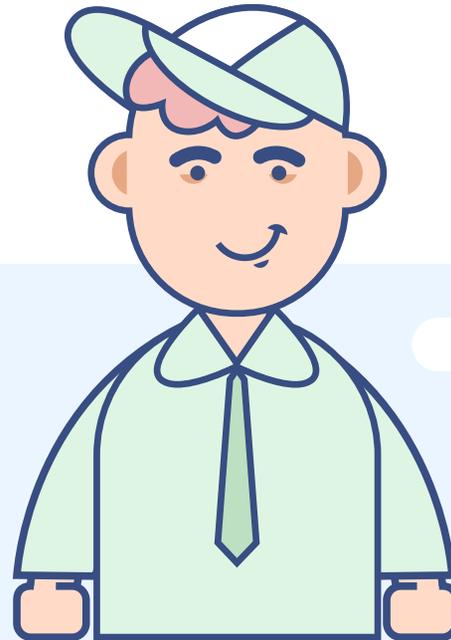
- [Handling PTO with employee self-service](#) makes requesting, approving, and submitting vacation hours easier. Employees get the assurance that their vacation time is in order, and on-line submissions improve payroll accuracy.

- Employee self-service can improve benefits administration as well. Providing links to a benefits wiki, sign-up forms, and benefit provider self-service sites can help employees answer questions large and small without tapping anybody on the shoulder.

Streamlining the administrative tasks of HR is the first step toward building an enjoyable experience in your organization. HR software with employee self-service capability helps you deliver that experience while meeting your compliance needs, even as your small company continues to grow.

Employee Engagement

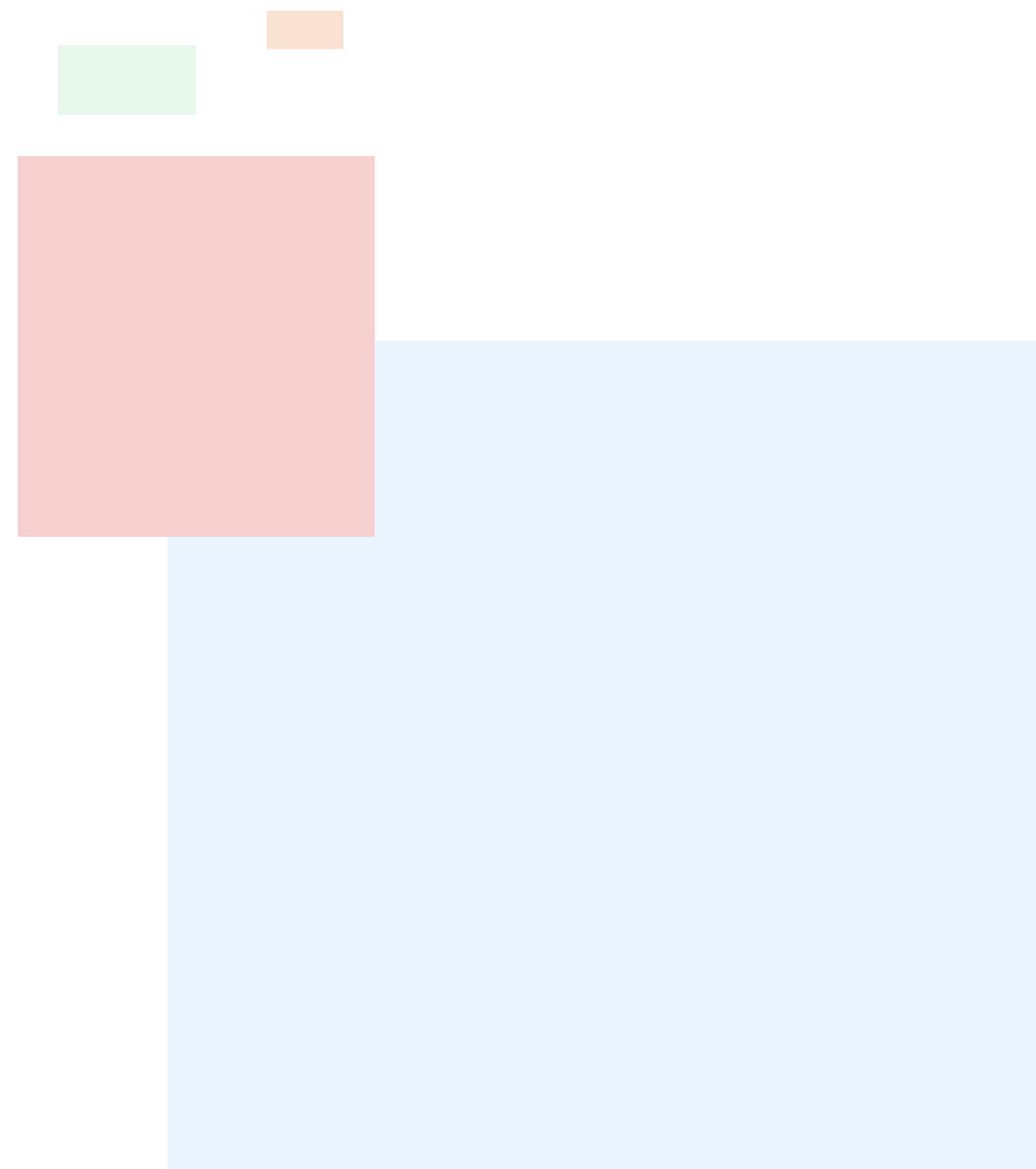
Supporting the Workforce of Tomorrow



It's no secret that employee engagement is a major key to the success of any company. When you truly engage your people, it creates a ripple effect that touches every part of your organization. Loyal employees give their best, which helps provide a better customer experience and ultimately leads to an increase in profitability. But if businesses worldwide are finally in the know, and employee engagement has become an ubiquitous buzzword, why is it that (according to Gallup) only 33 percent of the US workforce is currently engaged?

Thanks to countless studies across a variety of industries, we understand the “why” of engagement now more than ever. A people-first attitude can give your organization a creative edge, attract millennials to your employer brand, and most importantly, make the difference between surviving and thriving.

HR can take steps to help everyone in the organization take responsibility for employee engagement, from helping the executive team with strategic decisions to [training managers](#) to encouraging all employees to look out for the well-being and inclusion of others.



How to Engage Employees

1. Invest in training for managers:

Managers of the future will need training to build up their [emotional intelligence](#) and soft skills. At its core, employee engagement is about building authentic relationships. When people feel cared for and supported by a sense of psychological safety in their environment, they can innovate with less inhibition and more passion. The work that people produce in inclusive and reassuring environments is the work that stands out.

2. Measure engagement in real time:

Technologies like [Officevibe](#) allow you to track your team's health in real time. Pulse surveys let managers collect insights into

how their team is feeling on a consistent basis. On the flip side, waiting for an annual survey to measure engagement is like a basketball coach waiting until the final seconds of a game to address an issue that could have been fixed in the first quarter. It's best to adjust and improve as you go.

3. Offer room for growth and development:

Loyalty is a two-way street. Employees are there to give you their best, and this means you need to give them your best in return. Providing employees with the opportunity to learn, explore, experiment, and fail without shame lets them know that you're invested in their professional and personal growth.

4. Communicate constantly:

Consistent communication and feedback is

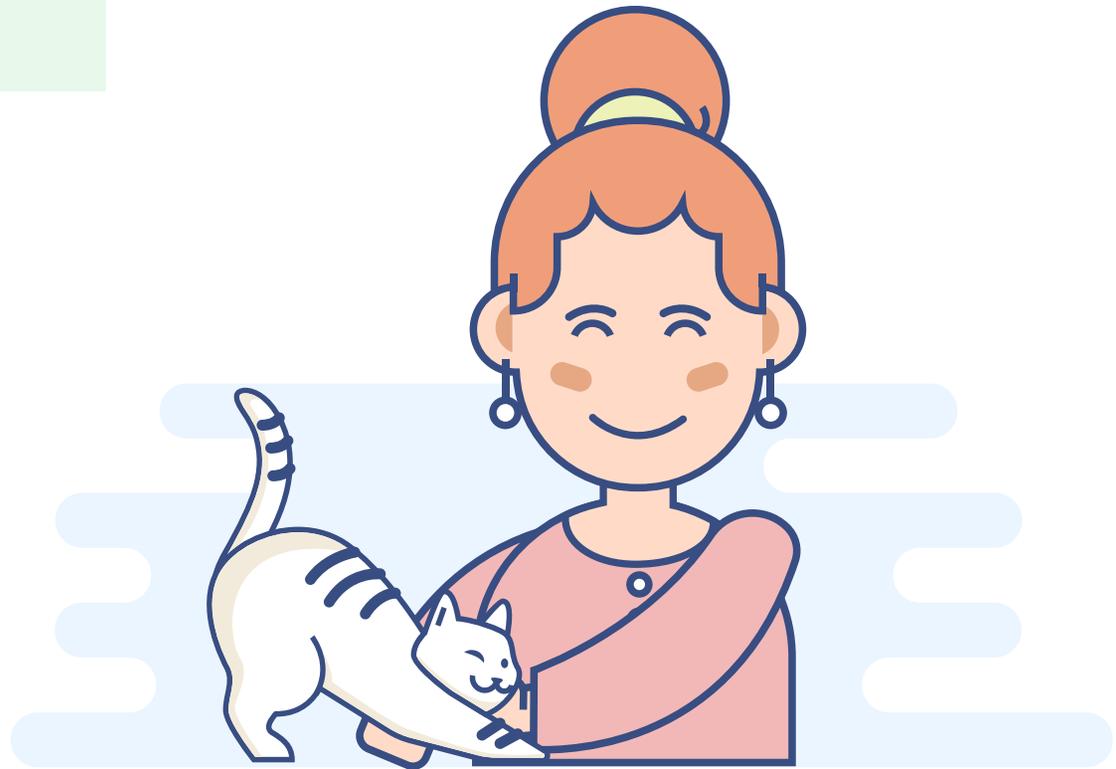
at the core of all successful relationships. Encourage managers to hold monthly one-on-ones (at the very least) to check in on employees and offer positive recognition and constructive feedback, all for the sake of building solid relationships founded in trust.

5. Always bring it back to the "why":

Do the people in your company feel a sense of connection to the mission and vision of your organization? It's important to ensure that employees feel as though they are working towards something bigger than themselves, and that they understand the role they play in helping the company reach its larger goals. Remember to take a step back and show people how their contributions actually matter.

Company Culture

The Secret Ingredient of Successful Organizations



Every organization has a company culture, much like every city has a vibe and each human being has a personality. A successful culture is built intentionally and has a unique purpose.

Culture is intangible, making it what many organizations feel to be difficult to discuss, much less create, implement, or maintain. If all is done right, it's a "feeling" that becomes the guiding principles in the day-to-day of a company.

But this is only after the hard work of the organization's leadership team in defining the company's core values, mission, and vision—their "why." The role of HR and upper management is getting buy-in from the employees and inspiring each individual to live the culture everyday. This starts first and foremost by setting the example and then letting it trickle down.

Where can we see culture?

- Actions and patterns of behavior
- Words and language
- Thought processes
- Customs and practices
- Expectations
- Norms amongst employees
- Common values and goals

What are the benefits of investing in company culture?

Steering your people in a common direction towards shared goals fosters a sense of connection, purpose and belonging. Consequently, this increases both job performance and engagement across company teams.

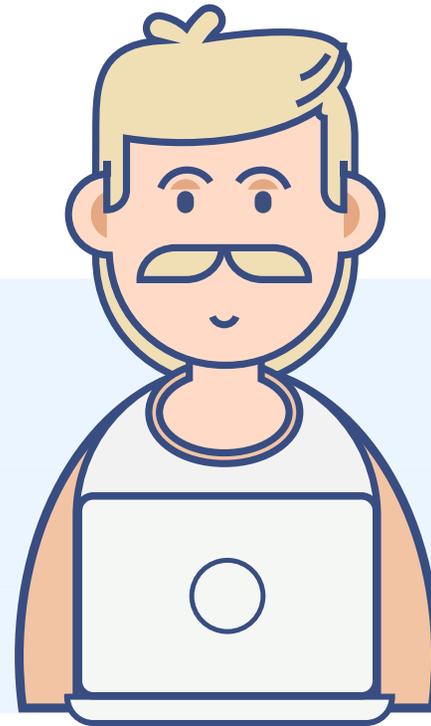
Moreover, with a defined culture, recruiters can more easily hire for culture fit, bringing in talent that fits the needs of the team on a human and professional level. Likewise, a positive company culture is what attracts

people to organizations in our modern workforce. It's the heart of things, and what will keep employees committed to your brand.

What are some elements of company culture that drive engagement?

- Attitudes of trust
- Transparency
- Vulnerability and authenticity
- Learning and development
- Autonomy
- A bottom-up leadership approach
- Inclusion

Learning & Development



When it comes to training within a small business, modern learning methods are absolutely your ally. Beyond compliance training, you can use off-the-shelf content to easily offer self-directed learning opportunities to everyone in your organization.

In-person training is valuable for some aspects of learning, but you can give your organization a strong competitive advantage with three additional components of learning and development: a robust on-line training content library, a learning management system, and training consultants to help you put it all together.

A robust training content library should have content covering:

- Compliance
- Communication
- Business Skills
- Leadership and Management
- Sales and Service
- Workplace Safety
- IT and Software
- Soft Skills

Building a content library gives you the materials to create training courses in a learning management system. Then instead of spending time on giving live trainings and tracking paperwork, you can handle hassle-filled tasks like compliance training in a single on-line location.

On-line learning content libraries are a great way to provide engaging training with low-maintenance benefits.



Of course, providing an easily-accessed on-line library isn't the be-all end-all of training. Your courses need a structure that helps employees put it all together. It can be difficult to connect the dots on these trainings, especially for small business HR professionals who already wear many hats. A training consultant can be an invaluable partner in unlocking the full potential of your learning management system, helping you identify ways to blend training methods that let your team retain learning and apply it on the job.

Your employees are looking to be engaged in learning. Especially in a small business, providing modern learning opportunities will help your employees engage with their roles in deeper ways, and improve their connections to each other and the organization.

Analyzing Strategy with Employee Satisfaction



There are countless ways that HR can help the people of your organization achieve your objectives. Understanding principles like compensation, culture, learning, and engagement is the first step. But here's the question: what do you do next? What changes will provide the most benefit for your organization?

All of them, you might think. Unfortunately, you can't transform your organization overnight, even if you rewrite every policy and get executive approval. Change in your organization won't happen until your people change, and changing attitudes and behaviors takes more than an announcement and a single training. To reach your people, you need insights into what they're thinking and why they're thinking it. You need to gather and analyze HR data.

A recent study from BambooHR and HR.com found that while 58 percent of HR professionals said that understanding and using HR data was very important, only 16 percent thought of themselves as experts in using that data.

If you're new to HR analytics, we recommend using an [Employee Net Promoter Score \(eNPS\) survey](#) as an excellent starting point. The eNPS survey asks two questions (with all responses confidential):

1. How likely are you to recommend your organization as a place to work? (on a scale of 1-10)
2. How could we make our organization a better place to work?

The first question divides responses into promoters (employees who responded with 9 or 10), neutrals (7 or 8), and detractors (6 or less). The eNPS takes the percentage of promoters and subtracts the percentage of detractors to arrive at a score. Getting a positive score is the first victory, as it shows that your organization has more actively engaged employees than actively disengaged employees.

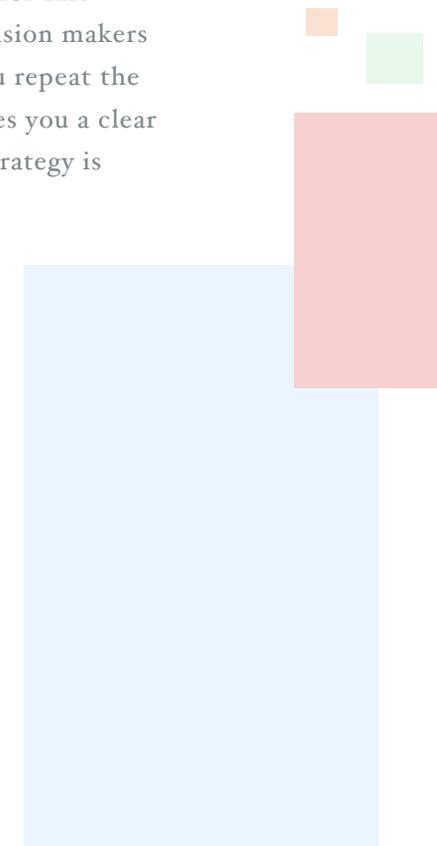
Reading through the comments from each group lets you uncover areas where your organization does well and issues that could be resolved. Do most of your promoters praise your culture? Is there a consistent theme among your detractors? Presenting these findings to your organization's leadership can help begin a conversation on the strategic elements that will help improve employee satisfaction and engagement in your organization.

As you review results from your eNPS survey, you'll find that certain issues are mentioned less frequently with a larger share of detractors. These issues often deal with compensation, bonus structure or basic benefits.

This trend comes from human nature: when our physical and safety needs aren't met, we can think of little else, but once they are, they fade into the background. Likewise, the salary and security aspects of your workplace reduce employee dissatisfaction, while factors like shared culture and a sense of purpose increase employee satisfaction. Understanding the limits of satisfaction helps guide your organization's strategy in the right direction,

so you can spend resources to help more employees engage with your organization instead of just tolerating it.

HR data doesn't have to be intimidating. Exploring the context of your employees' experience with eNPS can lead to some exciting insights, not just for HR professionals, but for other decision makers in your organization. And as you repeat the process every six months, it gives you a clear indication of the impact your strategy is having on your organization.



Looking to the Future

Your organization may be small enough to handle all of these responsibilities without HR software. But hopefully it doesn't stay that way. Integrating HR software into your work processes can support your efforts in each of these considerations and help your organization meet and exceed your objectives.



BambooHR is the No. 1 on-line HR software for small and medium-sized businesses that have outgrown using spreadsheets to manage their employee information. BambooHR's intuitive interface, streamlined implementation process and responsive support team ensure a fail-safe transition from spreadsheets to our flexible Human Resource Information System (HRIS) that adapts to your changing needs. Clients make time for meaningful work by using BambooHR's Applicant Tracking System (ATS) and HRIS to manage the employee life-cycle. Listed by PCMag as the Best HR Mobile App of 2017, BambooHR serves hundreds of thousands of employees in 109 countries worldwide.

For more information, visit bamboohr.com.



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To remain competitive, organizations need to continuously spark the unique, creative spirit of their people. By applying the right technology, tools and resources, companies will be able to nurture people-centric workspaces that drive their people to work beyond their perceived potential.

At Officevibe, we believe that the greatest impact comes from empowering managers to become better leaders, every day. Managers are at the forefront of employee engagement as they are the stepping stones for their people to thrive.

Officevibe offers a real-time employee engagement solution that gives managers from over 2,000 organizations around the world the opportunity to see and measure how their teams are doing, identify their challenges, and get targeted recommendations based on their issues..

To learn more about our solution, visit officevibe.com.



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