



Proven Employee Handbook Best Practices

Compliance **HR**
Simplifying the Complexity of Employment Law

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Proven Employee Handbook Best Practices



A well-written and up-to-date employee handbook (a.k.a. policy and procedures, policy guide, employee manual, etc.) is vitally important tool for HR and Legal compliance.

In the United States, a complex array of federal, state, and local mandates govern the working relationship between the employer and their employees. For employers, there is significant risk if you do not correctly follow the law. In addition to growing enforcement efforts by various federal and state agencies, there are also aggressive plaintiff's attorneys who target organizations with lawsuits every day. Since employment laws apply to every organization that has employees, these risks do not discriminate by company size or industry. Every employer, and their Human Resources and Legal leaders, must be vigilant.

In the first whitepaper of this series ("Seven+ Reasons Why Every Business Should Have an Employee Handbook"), we shared key reasons why every organization should create and maintain an employee handbook. In the next whitepaper ("What Should be Included in Your Employee Handbook"), we shared an outline of the key sections that should be included in an employee handbook. In this whitepaper, we share some proven best practices for employee handbooks.

Unfortunately, many employers and their employees have come to view an employee handbook as a necessary evil. Why? Because they know they need one, but what they have just isn't very good, or effective. The truth is most employee handbooks are not compliant, well written, or tailored to the business. Even worse, many poorly constructed employee handbooks are focused prescriptively only on what not to do. This negative approach leads to a lack of engagement, and ultimately, a lack of adherence.

The best practices in this whitepaper are intended to help organizations to effectively create and share employee handbooks that get used.

Before we start, let's first review two fundamental questions:

1. What is an employee handbook?

An employee handbook can be a valuable resource for both the employer, current and future employees. This evergreen document provides written guidance and information related to the organization's history, mission, values, policies, procedures and benefits.

2. Why should your organization create an employee handbook?

Providing a policy handbook to employees is typically not required by law. However, there are numerous compelling reasons for employers to do so.

For starters, a handbook provides an opportunity to welcome new employees, introducing the organization and its culture, while also setting expectations for workplace behavior. Providing a handbook makes it easier for an employer to ensure that each employee receives copies of all relevant policies and understands potential consequences for failure to comply with the employer's policies and procedures. Handbooks also serve as a centralized place for employees to look for answers to common questions and can assist in an employer's legal defense by demonstrating an employer's compliance with employment laws.

Most importantly for employers, a handbook is a means of protecting the organization against discrimination or unfair treatment claims. It is an easily accessible guide to the company's policies and practices as well as an overview of the expectations of management and employees.

For all these reasons, most HR and legal experts agree that it is a best practice to create and share a handbook as soon as your organization hires its first employee, since it defines expectations and can protect you legally.

Following are a few additional best practices for employee handbooks that we have learned from our clients and industry-leading employment law experts.

Proven best practices

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Have an Employee Handbook

This is a whitepaper focused on employee handbook best practices; therefore, this first best practice could be left unsaid.

However, for sake of completeness (and because it is not always the case) we will state the obvious – every organization with more than one employee should have an employee handbook.

Organizations that operate with unspoken and undocumented policies run the significant risk of creating situations where employees believe they are being treated unequally and unfairly.

If your organization does not already have an employee handbook, there is no time like the present to get started. Even though it is not legally required, creating a good manual is still a smart best practice that protects the rights of employees and employers alike, especially when addressing rules, laws, expectations, etiquette, benefits and other important workplace guidelines.

Use an Expert Resource to Create Your Employee Handbook

For many time-starved and over-stretched HR professionals, a common approach to creating an employee handbook is to download whatever appears to be the most complete result after doing a quick search on the internet.

While potentially a quick and easy solution, this “just Google it” approach is also very risky for the employer. Why?

For starters, employment statutes and regulations are constantly changing. When you consider the federal, state, and local updates that take place across all the jurisdictions where an organization has employees, you cannot rely on random search results. To avoid the risk of getting it wrong, you want an expert resource that is constantly monitoring for updates and interpreting what employers need to do in order to be compliant.

As much as we love Google for general research, it is simply not going to be your best employment law advisor! It is not easy to create an employee handbook, the best practice approach is to use a proven and trusted expert resource.

Once You Create an Employee Handbook, Keep It Up to Date

Once your organization has made the important decision to create an employee handbook, it is equally important to make sure it is kept up to date.

Since employment laws are constantly changing, you want to ensure that the policies in your employment handbook are always accurate and current. Periodic updates help to minimize risk of violating federal or state laws.

Keeping track of legislative changes and the resulting policy recommendations can be a daunting task for stretched human resources leaders or in-house counsel. The best practice recommendation is to find an expert resource that also provides regular and accurate updates so that you are informed of any potential employee handbook changes as they happen.

The ideal would be to monitor constantly and make continuous updates so that you are always up to date. This, however, is not very realistic. Therefore, even though these requirements change frequently, at a minimum we recommend monitoring at least quarterly, and updating employee handbooks annually. Employers with multi-state footprints and/or large employee populations should consider a monthly/quarterly cadence for monitoring/updating.

Employee handbooks should also be updated whenever there is a significant change in the employer's policies or procedures, or if the employer expands into new states.

You must ensure the policies in your employment handbook are always accurate and current based on local, state and federal laws.

Designate an Owner For Your Employee Handbook

Like every other functional area of a business, the best way to make sure something important gets the time and attention it needs is to assign a team member to own it. In this case, the responsibility for the creation and maintenance of your employee handbook should be given to someone who has the interest, skillset, and diligence to make sure it gets done. This is most often someone in the human resources or in-house counsel function.

This point person will be in charge of monitoring for relevant changes in the law, and updating the employee handbook as necessary when employment laws or internal policies change. They should also take the lead in conducting a full handbook review periodically, ideally annually, to ensure that no laws or policy changes have been overlooked and that all policies are still relevant and upheld consistently within the organization.

If You have an Employee Handbook, Use It

This best practice probably belongs in the “painfully obvious” category. However, you would be surprised at how often organizations invest in creating a compliant handbook and then either neglect to keep it updated, or let it fall into disuse.

If you have an employee handbook, consistently use it as a tool and resource for managing all your employees. Furthermore, provide manager training to ensure you treat all your employees consistently and compliantly.

The best practice is to make your employee policy handbook a key part of new employee onboarding, and manager training.

Distributing or Posting Employee Handbooks

Once finished creating the handbook, employers should make them available to employees either electronically or by providing hard copies. A best practice for employers making handbooks available to employees for the first time is to hold a meeting to introduce the handbook to all employees. It is a good idea to have a Legal or Human Resources team member present so that they can answer any questions about the employer’s policies.

On an ongoing basis, every new employee should receive a copy of the handbook during his or her orientation. Each time the handbook is updated, employees should be notified. As a matter of convenience, if just an individual policy within the handbook is changed, an employer may choose to distribute a hard copy, send via email, or post to an intranet site only the updated policy to employees. This approach works well if employees have already received copies of the handbook and the remainder of the handbook has not been revised.

Get Acknowledgement of Receipt

Another best practice for employers is to collect a signed acknowledgment of receipt, review, and understanding of the handbook. This simple step reinforces that your company intends to abide by these laws and helps to reduce the risk of an employee claiming ignorance of a policy as an excuse for non-compliance. It is a critical litigation defense strategy for employers.

The acknowledgement should state that the employee understands it is their responsibility to read and follow the policies. A best practice is to have the acknowledgement page detachable from the handbook, and once signed, it should be stored in the employee’s personnel file.

You should collect a signed acknowledgement of receipt, review, and understanding of employment handbooks.

Keep a Historical Record

Each time you make a revision or update your employee handbook you need to communicate that it supersedes prior handbooks. This will help to reinforce the new updates, and ensure employees understand which policies are current.

A best practice for employers: Each time you distribute an updated handbook, be sure to keep copies (either paper or electronic, with applicable dates clearly noted) of older versions for the longest statute of limitations period applicable under federal or state law. If your organization is ever involved in litigation, it should be able to point to the written policies in effect at the time of the challenged employment action.

National Handbook or National with State Supplements?

A common question for larger organizations with multi-state or national footprints is whether they should create one national employee handbook for all their employees, or a national template with state-specific supplements.

The first step to answering this question is to evaluate your organization's footprint across states. If you are only located in a small number of states it might be easier to just have one handbook that is national in scope with state-specific details embedded throughout.

The national approach becomes very cumbersome when the organization has a footprint across many states. In this case, best practice is to have a national handbook that covers federal rules and regulations in addition to any company policies and guidance that apply to all employees, supplemented with state-by-state supplements that cover state and local rules. This approach becomes vital for complex states, such as California, where there are a significant number of state-specific employment laws.

Handling Unique Worker Populations

Another common employee handbook question is how to handle different business units, especially those with unique or different worker populations such as a manufacturing facility that may have union or hourly-paid employees and a research facility. In this type of scenario, you may want to have the core handbook be the same for each group of employees but then include specific policies for specific business units that are tailored to their worker type.

Best practice is to have a national handbook that covers federal rules and regulations along with company policies and guidance, supplemented with state and local rules.

Four Important Clauses to Consider Including

In an earlier whitepaper, we shared a suggested outline for your employee handbook (see: “What Should Be Included in Your Employee Handbook”). While it is always a good idea to double-check with your inside or outside counsel, there are four general disclaimers that have proven to be best practices, and that you should consider including in your employee handbook:

1. At-will Employment Status

Clarifying that the employment relationship is “at-will” is an important legal safeguard because it reinforces the understanding that the employment status between an employee and employer is not a contract. Note: Most states in the US are “at will” employment states but there are exceptions. If you are unsure, check with your employment law counsel.

2. Not a Contract

It is important to clarify that the employee handbook is just – it is not a contract that makes any promise of continued employment. This language should reinforce the “at will” concept by stating the handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time. Furthermore, either the Company or the employee can end the relationship at any time, with or without notice, with or without reason, to the extent allowed by law.

3. Supersedes All Prior Policies

It is common for organizations to publish updated versions of their employee handbook. With each new issue it is important to note that the current handbook supersedes and replaces all the previous policy documents.

4. Subject to Change

Similar to organizations who are always growing and evolving, so are employment laws and regulations. Therefore, it is important to note that the employee handbook will likely also need to change. A best practice is to include language that explains the policies included in this handbook are guidelines only and are subject to change, as the Company deems appropriate and necessary. From time to time employees may receive notice of new or modified policies, procedures, benefits, or programs.

Employee Behavior, Social Media, Data Privacy...Oh My!

Any discussion of employee handbooks would not be complete if we did not address the broader topic of managing employee behavior, particularly as it intersects with rapidly evolving communication and collaboration technologies, along with new modes of working.

This is a broad and rapidly changing area of employment law. And frankly, one that is struggling to keep up with changes in technology and employee expectations, which has led to a lot of litigation in recent years. Several areas of privacy law are affecting relations between employers and employees. These include computer and smartphone use, especially use of personal devices for work purposes; social media use and monitoring of employees.

The place to start with this complex topic is to decide what is important to the business, and to make sure the handbook reflects the way you are organized and conduct business. A few common questions to consider:

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- Do you care about how your employees appear when they are at work?
- Do you want employees to refrain from text messaging while on the job?
- Can they use personal cell phones at work, or while driving on company business?
- Is it okay if they comment or post about the company on social media? During work, or after hours?
- Can they use their personal devices while at work, or for work purposes?
- Do you want to measure worker productivity and preventing slacking off, such as personal use of the internet or spending work time on social media?
- Is it important to protect confidential company information or trade secrets?
- Is it important to protect the organization's reputation and brand from disparaging comments by employees?

While obviously not a comprehensive list of questions, it does illustrate the breadth and challenge of the issue for employers. If any of these issues are important to you, and you have expectations

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for employees' behavior, you should address it in a policy. Also, remember that if you write a policy, you must be prepared to enforce the policy – whether it is a policy setting limits or a policy supporting goals. Your employee handbook must be a true reflection of your business.

Pay Attention to Style and Tone

Once you have created a table of contents and compiled the core policies for your employee handbook, you will want to think carefully about the style and tone of the content.

The success or failure of your employee handbook will depend on how well it is embraced by your employees and reinforced by management. The biggest key to a successful handbook is to write it in a clear and understandable manner, and also to make sure it reflects the culture and values of your organization.

To make your employee handbook useful and engaging, it helps to take a positive tone. Instead of a negative “thou shall not” perspective, focus on setting clear expectations so that employees know exactly what is expected of them and what they will get in return. This is a much better approach than just focusing on rules and punishments for not following them.

One final best practice – while it is sometimes difficult to translate complex employment law concepts into understandable terms, try to eliminate unnecessary complexity or legal terminology and use plain language to explain the employer's policies and procedures.

Handbook Organization and Design

A comprehensive employee handbook can quickly become unwieldy and as a result lose its utility as a helpful resource for employees and managers. The best way to combat this is to think about how you want to organize your handbook. A few best practices:

- Once you have the content assembled, create a table of contents index page
- To help humanize the handbook and reinforce your employer brand, include a welcome letter and share the organization's mission, purpose, and values.
- Organize your policies by subject, and use section headers to break up the policies

- To make it easier for the reader to find what they are looking for, use individual pages for each policy instead of including multiple policies on each page. This has the added benefit of making updates much easier to manage.
- Enlist your marketing team's help to make sure the handbook uses your company's fonts, colors, and other branding guidelines.

Include Contact Information

The primary purpose of an employee handbook is to be a resource for employees and managers. Therefore, it is important to include contact information to the responsible representative who can answer any questions about policies. Another best practice is to include any links to helpful resources.

Carefully Review the Entire Handbook

Before finalizing your employee handbook, it is important to do a thorough review to check content and style. Begin by making sure that you have matched the content to your intended table of contents.

Next, you will want to check for style and tone. Employee handbooks are often created by different team members and assembled from various policy and procedure documents, so you want to check that everything is written in one voice. This will ensure better comprehension and help to avoid any confusion when policies are read together.

Once the handbook has been drafted and checked for style and tone by the HR or project team, the final review step is to have legal counsel review it. This is the final check to make sure the information is accurate, easy to understand, and legally compliant.

A poorly drafted handbook can increase an employer's financial and legal exposure. Therefore, legal counsel needs to make sure it does not contain any statements that may create contractual agreements, or open the door to potential actions because of unclear policies.

The final review step is to have legal counsel review it. This is the final check to make sure the information is accurate, easy to understand, and legally compliant.

Disclaimer

This whitepaper is intended to serve as a starting point for educating Human Resources and Legal professionals on certain aspects of employment law and is not a comprehensive resource of requirements. It offers practical information concerning the subject matter and is provided with the understanding that ComplianceHR is not rendering legal or tax advice, or other professional services.

About ComplianceHR

ComplianceHR is a SaaS company creating self-service tools that empower human resources professionals and employment law attorneys to address their critical HR compliance risks in the US.

Overview of PolicySmart

PolicySmart is an intuitive handbook compliance tool that provides employers with national and state specific templates, a unique compliance timeline, and so much more.

Your company's employee handbook is an invaluable tool that helps shape company culture, communicates operational policies, and minimizes the risk of employment-related legal liability. A well-written and legally compliant handbook is essential to keeping the HR process running smoothly, and most employers would agree that keeping up with federal, state, and local employment laws can seem overwhelming. Fueled by the subject matter expertise of Littler, the world's largest employment law firm and built on Neota's AI-powered platform,

PolicySmart allows users to easily create and maintain legally compliant handbooks that are cost effective, up-to-date, and delivered on-demand.

Register for a Demo

To learn more about ComplianceHR and PolicySmart, [register for a no obligation consultation](#) with a compliance expert. After you've met with our compliance consultant, you will receive a free, 14-day trial to use all of the Navigator Suite applications.