

Human Resources Hiring "Best Practices" - Getting it Right the First Time

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When assessing your risks in business, Human Resources is probably not the first area you consider. Loss of income, property damage and third party liability are more likely to come to mind. However, this area of risk is significant. It is important to understand what your employee-related risks are and to develop legal compliance and best practice processes to manage them.

The law not only protects employees from work-related injury and illness, but from poor business practices that can result in wage and hour, wrongful termination, constructive discharge, discrimination, harassment and retaliation claims. While you can obtain insurance to cover the company for employment-related lawsuits (Employment Practices Liability Insurance), it is also critical to proactively manage this exposure in order to lower the frequency and severity of these claims.

"Who" you hire and how you manage them will create or mitigate your risk for employment related claims and litigation. A company that does a good job hiring and creates a culture of trust and respect (where employees have the opportunity to develop professionally and are provided with the resources they need to be successful) is less likely to face employment-related claims and lawsuits.

Hiring "the right person" for each position in your organization is fundamental to the success of the person hired and that of the company. Hire the right person for the job and then support their efforts. Provide them with the opportunity to grow and develop professionally. This



will reduce turnover (and the costs associated with it) and the risk of employment-related claims. Happy, productive employees do not generally file claims against their employer. Hiring the right person can also lower your risk for worker's compensation claims. A thorough evaluation of a candidate before hiring enables you to assess the potential for the candidate's success and enables you to make a well-informed decision before extending an offer. A correct evaluation will also increase the chance of a long-term, mutually beneficial relationship.

The costs associated with replacing an employee are significant. Estimates of the cost to replace an employee range from the value of the salary that was being paid, up to 150% of that salary. The hard and soft costs associated with replacing an employee are numerous. There are administrative costs associated with processing employees out of the company and costs associated with replacing them: advertising the position, overtime pay for the employees who cover the desk while you are

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recruiting, paying for temporary help, placement agency fees, new employee training expense, manager time spent in the recruiting process and lost productivity are representative of these costs, but not all-inclusive. Yes, turnover is a cost of doing business but let's keep it minimal. Your company must generate additional revenue to cover these costs every time someone leaves. At 150% you must generate an additional \$75,000 in revenue to cover the cost of replacing a \$50,000 employee.

The process you adopt for selecting "the right person" is key to the success you will realize in your hiring practices. Unless your company uses a precise and thorough recruiting and hiring process you are at risk of bearing the additional costs associated with employing the wrong person. Companies too often find out after the fact that they have hired someone without the necessary skill set; someone with character defects that create issues in the workplace; someone with a drug or alcohol problem; someone with physical issues that become a worker's compensation claim; someone who has a criminal history. Attention given to the issues created by these employees costs the company time as well as money and could ultimately lead to a major financial impact if a lawsuit is brought.

Before any hiring is done a company should develop a clear, well-written hiring standard operating procedure (SOP). Following this SOP will provide uniformity in your hiring process which will enable you to evaluate candidates on an "apples-to-apples" basis and will minimize the risk of discrimination claims.

Some of the activities of this SOP might be:

Before the Interview

1. Develop an appropriate narrative to advertise the position
 - A. use legally correct language to describe what you seek in a candidate
2. Post the opening within your own company; encourage employee referrals
 - A. the best referrals can come from those you already know and trust; consider offering a monetary reward to those who have referred a candidate you hire
3. Identify in which publications or on what websites you wish to advertise
 - A. cast a wide net; avoid recruiting in a way that

RISK MANAGEMENT SEMINAR SERIES

Mid-Year Legal Update

Friday, July 8, 2011

Registration: 8:00 am

Program: 8:30 am - 10:30 am

First Aid and Workers Compensation

Friday, August 12, 2011

Registration: 8:00 am

Program: 8:30 am - 10:30 am

Sexual Harassment Prevention Training

Friday, September 2, 2011

Registration: 8:00 am

Program: 8:30 am - 10:30 am

All training sessions available to our clients

* Reserve early / seating is limited!

Register for upcoming seminars

Contact Darcee Nichols at dnichols@cavnac.com or call 619-744-0596

* NOTE: Due to the popularity of our seminars and limited space available, we regret we cannot provide refunds or credits with less than 72 hours advance notice of cancellation.

will not yield a diversity of applicants

4. Use a well written application for employment that contains acknowledgements signed by the candidate allowing you to check references and work history; affirming they understand employment is "at will"; certifying what they included in the application is true; acknowledging they will receive a copy of any public record search; agreeing nothing in the recruiting process has created a contract of employment
 - A. applications help you evaluate applicants more equally; resumes do not contain all of the information you need to properly evaluate a candidate's qualifications
5. Post the application for employment on your company website and have a copy ready to be emailed or snail mailed upon request
 - A. be consistent in your use of applications; every applicant should complete one; do not accept resumes only
6. Review resumes/applications received and identify

those qualified to interview

- A. develop a list of the most important criteria tied to the essential functions of the position and conduct an initial screen for those qualifications; eliminate those who do not qualify

7. Develop an applicant appraisal form; use it to make notes and rank candidates
8. Script questions for the interviews
 - A. a script will help you stay focused on getting the information you need to qualify the candidate; it will ensure you are consistent with applicants and can compare candidates equally; it will help you avoid inadvertently asking questions that could lead to claims of discrimination
9. Assign “who” will conduct interviews
 - A. interviewers should be trained how to conduct a legal interview and be the best person to conduct the interview

The Interview Process

1. Conduct an initial telephone interview using scripted questions and make a decision if you are going to move them forward in the interviewing process
 - A. let them know you will get back to them or that you don’t think this is a good fit and thank them for their interest, or invite them to your office for an in-person interview
2. Conduct a face-to-face interview using scripted questions and trained interviewers
 - A. consider conducting several in-house interviews with various interested staff
3. Provide a copy of the job description to the candidate for discussion
 - A. in this job description the purpose of the position and tasks that must be undertaken should be clearly defined

Using Skill Assessments

1. Administer job compatibility, cognitive ability, honesty, and other skill assessments
 - A. these assessments will help you determine whether the candidate in fact has the skills they say they do. (Have you ever hired someone who said they knew how to do a task or use a computer program well and then once in the job you discover their skill level is unacceptable?)
2. Evaluate skill assessment outcomes and the initial interview results
 - A. a scoring form will enable you to compare candidates using the same criteria
3. Invite for a second company interview
 - A. it is just as important to the candidate to get a

good look at the company as it is for the company to get a good look at the candidate; the more time you spend together the better your assessment will be. (You did not get married after one coffee date, right?)

Selection

1. Evaluate the results of all activities
 - A. no one component of the interview process should decide the fate of the candidate; consider all factors and evaluate the candidate’s overall competencies against the requirements of the position and the fit for company culture
2. Make offer contingent upon successful completion of:
 - A. background, work history and education verification
 - B. reference checks
 - C. post-offer, pre-hire physical or drug screen (if you do them)
 - D. verification of eligibility to work in the U.S.
3. Provide the selected candidate with a well-written letter that contains information related to:
 - A. classification of the position (exempt or non-exempt) and job title
 - B. hours and days of work
 - C. general scope of duties referencing the job description which should be provided
 - D. compensation (base and bonus if applicable), reference to benefits (detail to be provided on a separate page)
 - E. information related to the “at-will” status of the relationship
 - F. contingencies
 - Background and reference checks
 - Drug testing and pre-employment physical
 - Verification of right to work in the USA
 - Verification of information contained in the employment application
 - Verification of current wages (if applicable)
 - H. an acknowledgement signed by the candidate that they are accepting the offer
 - I. any other “contingency” which concerns you and is legally acceptable to include

This process may seem cumbersome and exhaustive but adopting a good hiring process and following it will help protect you from discrimination claims and will greatly enhance your opportunity to hire a candidate who will be an excellent employee who will stay with you long-term.✂

Disclaimer: This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.



Articles courtesy of Cavignac & Associates Employee Benefits Department

LIVE WELL, WORK WELL

Home Safety Month

June is Home Safety Month and it's the perfect time for you to make sure your home is as safe as possible for you and your family. The Home Safety Council provides the following tips to help you avoid various hazards in your home:

- Put a non-slip mat in your shower.
- Keep stairs clear of clutter and ensure proper lighting at the top and bottom. Use safety gates if you have young children.
- Make sure you have sturdy handrails on all stairs (indoors and outdoors).
- Wipe up spills when they happen.
- Keep the Poison Control phone number (1-800-222-1222) by each telephone and programmed into your cell phone.
- Install smoke and carbon monoxide detectors and regularly check the batteries.
- Read labels of all products you use in your home. Any that say "caution," "warning" or something similar should be stored away from children, either locked up or on a high shelf.
- Keep all medications out of reach of children. Make sure they are not in purses, pockets or drawers where children could easily access. Keep original label on all medication and cleaning supplies.
- Always stay by the stove or grill when cooking.
- Keep grills at least 10 feet away from your house, garage and any trees or bushes. Keep children and pets away.
- Only light candles when an adult is in the room, and never leave candles burning unattended.

- Have a fire escape plan and hold a fire drill with your family. Make sure all adults in the house know how and when to use a fire extinguisher.
- If you have a pool or hot tub, install a fence around it.
- Always watch children carefully when in the bathtub or pool, even small, child-sized pools.



Easy Calorie Burning

Looking for an easy way to increase the number of calories you burn each day? Try tapping your foot or twiddling your thumbs! Research shows that people who consistently fidget while sitting burn more calories than those who sit still.

Other ways to boost calorie burning while at your desk or on the couch include:

- Standing up while talking on the phone
- Focusing on maintaining good posture
- Bouncing your leg or tapping your fingers
- Doing neck, arm or leg stretches

Community Bulletin Board

"Neighbors helping neighbors in San Diego"



Monarch Schools

✦ Web Site



Senior Community Centers

Mission:

To provide quality and compassionate services for the survival, health and independence of seniors living in poverty

✦ Web Site



✦ Web Site



The San Diego Police Foundation supports the men and women who "protect and serve" by raising community awareness of important unbudgeted or "discretionary" needs that will improve crime-prevention and law enforcement efficiency. The Foundation puts your tax-deductible contributions to measurable work in local communities.

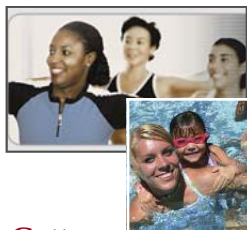
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✦ Questions? Contact **Alicia Gettys** by phone at **619-232-7451** or e-mail agettys@ymca.org



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