



LENDIO HIRING GUIDE

Hiring for Small Business



Selecting the right employees might seem like a daunting task. With a well-planned strategy, you'll be well on your way to finding employees that improve your business. This ebook will give you guidance on important legal information you should know and skills you should learn to find the perfect talent for your business.

Disclaimer

Information provided in this book is provided for educational purposes only, and is not intended to be business, legal, tax, or accounting advice. While Lendio strives to keep its content up to date, it is only accurate as of the date published.



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STEP 1

Learn the types of employment and how they differ.

There are many types of employment that benefit workers and companies. Before deciding which type of employee is best for your business, learn how employment types differ and determine which would benefit your organization the most.



What is an employee?

An employee is a legal term used to describe someone who is officially hired by a business to perform work for the employer. There are many factors that make someone an employee, including:

1. The employer has some control over the work.
2. The individual receives a specific salary or wage.
3. The individual is on the company's payroll.
4. The individual is eligible for benefits and perks.
5. There is a written or implied employment contract.
6. The individual has employment rights protected by law.

There are several classifications of employees that companies may use:

Full-time employees

Full-time employees are most considered during employment situations. While it varies, many companies, especially for health insurance purposes, consider full-time 30 hours or more per week. Full-time employees receive benefits and perks in addition to a wage.



Part-time employees

Part-time employees are those who work less than a company's full-time hourly requirement. They're usually paid hourly, rather than salaried, and are actual employees of the company, but may not be eligible for some or all of the extra benefits that full-time employees enjoy.

Seasonal employees

Seasonal employees are hired based on the needs of a company during a specific time of year when they're extraordinarily busy. They're not considered permanent employees, but may be either full-time or part-time.

Temporary employees

Temporary employees are hired for a specific period of time, such as six months or until a certain project is completed. They stop working for the company when that situation elapses. They're typically paid hourly and may or may not be eligible for other benefits and perks.

Leased employees

A leased employee may be hired by a staffing agency and "leased out" to a business to complete a specific project or for a certain amount of time. They're not employees of the company, but rather the staffing agency. They typically get an hourly rate and receive benefits from the employment agency.



Contingent workers

A contingent worker is different from an employee in that they take outsourced work from a business and perform specific duties on a non-permanent and non-employee basis. They're often experts who are sourced for their experience and skill set. Contingent workers perform work based on an agreement with the company that should be set out formally, then they will no longer work for the company once a project is complete. There are multiple types of contingent workers that a business might use:

-
1. Contract workers

 2. Independent contractors or freelancers

 3. Interns

 4. Volunteers



STEP 2

Understand employee benefits.

Employers typically offer an array of benefits to employees, whether they're full-time, part-time, or otherwise employed. Some employee benefits are required by state and federal laws, while others are part of a generous package employers choose to offer. It's important to know what types of benefits your employees value most, so that you can offer them what they need.



Employee benefits

The federal government, as well as state governments, require employers to offer some benefits to employees. There are also some employee benefits that employers choose to offer, but they're not required by law to provide them to employees. However, many employees have reported that these additional benefits are major factors when evaluating job offers.

Legally required employee benefits:

- Social Security
- Medicare
- Unemployment insurance
- Worker's compensation (WC)
- Health insurance
- Family and Medical Leave Act (FMLA) benefits
- Disability insurance

Types of employee benefits not required by law:

- Paid vacation time or paid time off
- Sick leave
- Contributions to retirement savings plans
- Tuition assistance
- Professional development
- Wellness programs
- Child care assistance
- Travel or public transportation benefits
- Ability to work from home or remote work



HMO vs. PPO vs. POS health plans.

Entrepreneurs know that navigating healthcare options can be one of the most challenging aspects of running your own business. As you research health insurance options, you're likely to come across confusing industry terms that you don't recognize.

HMO plans

Also known as a Health Maintenance Organization plan, an HMO is one of the most affordable types of health insurance plans available. It often features fixed copays for doctor's appointments, along with lower insurance premiums and deductibles compared to other health insurance options.

PPO plans

Also known as Preferred Provider Organization plans, these are the most popular choice among employer-provided health plans. They tend to be more expensive, but you receive more flexibility when it comes to medical care. With most PPO plans, you don't have to choose a primary care physician or visit a PCP first for a referral if you want to see a specialist. You'll still have a preferred network of providers, but you can typically opt to see doctors and specialists outside of that network, if you wish.

POS plans

Also known as a Point of Service plan, in some ways you can think of this as a hybrid between an HMO and a PPO. You need to select a primary care provider, and your PCP will also need to provide you with referrals anytime you wish to see a specialist for medical care. However, there is coverage available with a POS for out-of-network doctors when necessary.



401(k)s

The 401(k) is one traditional benefit that employees continue to value. Employer contribution to the 401(k) has been a long-standing offer by most small and large companies. In most cases, both employees and employers contribute to the retirement benefits savings plan, which is typically tax deductible.

Employers often contribute to an employee's 401(k) through matching funds. Depending on the terms of the 401(k) plan, employer matching contributions may be based on a percentage of employee contributions up to a certain portion of the employee's total salary. However, employers may also match employee contributions up to a certain dollar amount, regardless of the worker's salary. Employers are not required to offer 401(k) plans to their employees.

Paid time off (PTO)

Paid time off (PTO) is a type of fringe benefit that most employees may receive that, if they need to take time off work, they're still paid as if they had worked. This way, they can attend to their personal lives without it affecting their income. The specific rules for PTO generally fluctuate company to company and can vary employee to employee.

There are various types of PTO that employers may offer, some of which include:

- Holidays
- Vacation
- Sick leave-medical leave
- Parental leave
- Bereavement
- Personal days



There isn't a universal policy revolving around PTO for salaried or hourly employees, so each company must establish its own policies. Here are some things that each employer should think about and address before offering PTO fringe benefits:

- How long must an employee work before they can use PTO?
- Do all employees receive the same amount of PTO, or do employees earn more PTO the longer they have stayed with the company?
- Do higher positions automatically receive more PTO?
- Will unused PTO roll over?
- How far in advance must a salaried employee request PTO not related to sick or medical leave?
- How many salaried employees can use PTO at the same time?
- Is PTO earned (accrued) or given?
- How much advance notice is needed?
- How many employees are able to use PTO at the same time?
- What happens when an employee hasn't earned enough hours to take off an entire day?

How much do benefits cost per employee?

When an employer hires a new employee, they must consider more than the cost of their base salary. Benefits provided to that employee can be costly and must be included in the calculation of the new employee's value to the company.

In the United States, the overall benefits package for most employees is quite costly. When hiring a new employee, employers should consider the total cost to be between 1.25 and 1.4 times the salary being offered. However, that amount may be higher when considering training, bonuses, and other items.



STEP 3

Know how to hire employees.

When your small business is ready to grow and it's time to hire, you need to know how to hire employees. The goal is to find the right employees in a manner that complies with state and federal laws. Hiring for small businesses does not have to be complicated. Your business can achieve success when you understand relevant legal requirements and find the right job candidates for your open positions.



Legally prepare your business to hire employees.

The first step in the hiring process is getting your business ready to hire candidates. There are multiple issues you'll want to address during this preparation stage.

Form a legal entity.

Although you're not required to form a legal entity to hire employees, it can be beneficial. By forming a legal entity, you will be separating your own personal assets and liabilities from those of the business.

Get tax identification numbers.

Your business should have an Employer Identification Number (EIN), which identifies you with the Internal Revenue Service (IRS), as well as a state tax ID. Your EIN is similar to a Social Security number and is used for tax purposes.

Consult with legal counsel.

Consulting with legal counsel can help you figure out whether you need employment contracts, noncompete agreements, and other employment-related legal documents.



Get employment paperwork in order.

You need to have all employees complete certain paperwork to maintain legal status with state and federal government entities.

Some of this includes:

- Form W-4: Helps determine how much money to withhold in taxes from paychecks.
- Form I-9: Verifies employment eligibility of new hires.
- Employee handbook: Lays out the company's mission, vision, values, policies, and specific codes new hires need to know.
- Direct deposit form (if applicable): Collects employees' banking information to expedite the payment process.
- Non-compete agreement (where allowed by law): Prohibits employees from using information they obtain from your company for their own benefit.
- Acknowledgment form: Signed by the employee and confirms that they received and understood all documents.



Get business-related insurance.

You may also need to carry various types of insurance when you hire employees. Many states require businesses to have unemployment insurance, workers' compensation insurance, and general liability insurance to protect employees.

Hang Department of Labor posters.

The U.S. Department of Labor (DOL) publishes a series of notifications that can be obtained as posters. All businesses with employees must display those notices in a visible space for employees.

Establish how you will pay employees.

You need to develop employee payroll and establish the frequency of that pay. There is specific software that can help you do that or service providers who can handle all the payroll details, including taxes, for a low rate.

Write a job description.

Your job description should clearly identify your business, as well as the type of person you're looking for. It should also have a clear statement of your business values, including dedication to diversity and inclusion. Also, include contact information for your human resources (HR) department or an individual who can provide additional information about the position.



Find good job candidates for your small business.

Finding the right employee begins with bringing the best candidates through the door. These strategies can help your company attract top talent:

Develop a strong recruitment strategy.

In collaboration with Human Resources or any other team members who participate in the hiring process, outline your recruiting process from start to finish. Determine where to post job openings, how to conduct the interview process, and what to look for in a potential employee.

Build your passive talent pipeline.

Engaging with passive candidates—those who may not be currently seeking a new job, but could be open to a strong offer—can broaden your applicant pool. Expand your company's reach by attending networking events or leveraging career-based social platforms like LinkedIn.

Strengthen brand awareness.

Use your website and social media to increase visibility and credibility with your ideal candidates.



Leverage your network.

Your current network can be your biggest asset in attracting top talent. Consider posting employee testimonials on careers pages and other recruiting-based marketing efforts, or create an employee referral program.

Hire internally.

Sometimes, finding the perfect employee takes place from within your business, instead of delving into the vast public pool of candidates (if you already have employees). Your employees already know your business and they understand the company culture.

Consider a pre-screening process.

A more rigorous pre-screening process allows employers to efficiently identify candidates whose skills, experience, and qualifications closely align with the job requirements. Taking the time to manually screen resumes after they have passed through applications like LinkedIn or ZipRecruiter is a good first step in pre-screening.

Review applications to narrow the candidates.

In this economy, you may receive many applications for your open position. Technology can help you sift through resumes, or you might opt to use humans to review applicants' materials. If there are some issues with a candidate or you have some questions, you can make notes and ask clarifying questions during the interview process.



Screen and interview job candidates.

These tips will help you break the traditional interview mold to help you better assess your candidates:

Screen job candidates with a short phone call.

A screening phone call should last only 15 to 20 minutes. You should keep questions brief and focus on reviewing the job description along with the candidate's background to ensure they meet all the necessary requirements for the position.

Conduct a thorough job interview.

It's best to keep things simple. If you can do one interview with all key stakeholders at once, that will get the best outcome. Make sure you give the individual a chance to ask you any questions they might have about the company or position as well.

Avoid all questions that might indicate a candidate's race, religion, skin color, gender identity, sexual orientation, national origin, pregnancy or parenthood status, ability, age, or genetic information. Stick to questions that are relevant to the job requirements. These tips will help you break the traditional interview mold to help you better assess your candidates:

- **Go beyond the resume:** When asking questions related to a candidate's resume, get creative and ask challenging questions they likely won't have rehearsed. The goal is to understand how the individual conducts themselves in the real world.
- **Get feedback from your team:** Your team has a deep understanding of the needs of the company. They will likely work with this person closely, so their opinion is invaluable during the hiring process.
- **Consider their potential:** Look for candidates who are eager to work for the company, ask insightful questions, and demonstrate they're natural learners.



Selecting and hiring an employee.

What to look for in the right employee.

When considering a potential candidate, it's essential to recognize that, beyond being a perfect match in terms of skills or experience, the ideal employee for your company must also effortlessly align with the organization.

- Experience, qualifications, and skills
- Attention to detail
- Commitment to their career
- Cultural fit
- Professionalism

Select a candidate and extend a job offer.

Once you select the job candidate that you think would be the best fit for your position, you need to extend the job offer. It is customary to do this via phone and then follow up with an email or offer letter that details the following:

- Job title
- Pay rate
- Expected start date
- Supervisor's name
- Summary of benefits
- Full- or part-time status
- Exempt or non-exempt status

You should also include a statement that the job is an at-will relationship (which is recognized in nearly all states). If it is contingent on background checks or reference checks, that information should also be discussed. Your state laws may require additional disclosures during the onboarding process.



Onboard your new employee.

The onboarding process can be complex, depending on how much training is required. Make sure you document the process and develop standard operating procedures (SOPs) that will make things easier in the future. Onboard your employee by:

- Conducting orientation in a welcoming environment where your new employee can learn about your company, mission, values, and history.
- Introducing your new employee to their colleagues at appropriate intervals.
- Training your new employee by bringing them up to speed on specific software that your company uses or tools they need to know how to use. Give them plenty of time to ask questions throughout the process.
- Ensuring that Human Resources frequently checks in with newer employees to determine their training needs for long-term growth and development.

Hiring remote employees?

If you're hiring remote employees, you will face additional challenges. Some tips for hiring remote employees include:

- Use technology effectively
- Write the job description with remote work in mind
- Provide employees with necessary tools
- Maintain open lines of communication



Using freelancers in your small business?

If you're not ready to hire, or want to avoid overstaffing and understaffing, you might opt to use freelancers or contract workers. However, it's important to know that you will not have as much control over how, when, and where a freelance worker completes their work. In general, freelance workers are highly skilled and bring specific knowledge to the table. They're a great way to expand your workforce without the expenditure of benefits and other onboarding costs. Before you move forward with a freelancer, be sure to consider the following factors:

- **Expertise and skills:** Make sure the freelancer you choose has the skills necessary to complete your project or tasks.
- **Work samples:** A portfolio of relevant work samples can help you confirm that a freelancer is who they claim to be.
- **Pricing:** Opt for a freelancer with a fair pricing structure that aligns with your budget. While it may be tempting to go with the cheapest option, doing so may lead to quality issues.
- **Timing:** Your project timeline should work well for the freelancer you choose.
- **References:** Don't hesitate to ask a candidate for references from former and current clients. If you contact their references and are pleased with what you hear or read, you'll feel more confident hiring them.



Using interns in your small business?

Hiring an intern can allow your company to tap into fresh talent. Determining how to hire the best interns in your field is important. You need to attract talent that will boost your company and provide a learning experience for all individuals involved. Here are some steps to follow to create a well-thought-out internship program:



STEP 4

Create a diverse workplace.

Diversity in the workplace not only helps employees of all backgrounds feel included, but also leads to better business outcomes. It's not about meeting a quota; diverse companies are more innovative and draw in top talent more easily than their more homogenous counterparts.



Importance and benefits of having diversity in the workplace:

Diversity in the workplace ensures that a range of voices are represented within your company. It provides a multitude of perspectives and ideas. Diversity is becoming an increasingly crucial component in attracting and retaining top talent. Prioritizing diversity in the workplace comes with a host of advantages, including:

- Higher profits
- Increased innovation
- Improved company culture
- Better customer engagement

Support employees from diverse backgrounds.

No matter the size of your organization, here are steps you can take to support employees of diverse backgrounds:

- Listen to the concerns and ideas of your employees.
- Offer diversity training.
- Create affinity groups.
- Encourage self-care.
- Diversify projects and assignments.
- Make accountability a core value.
- Have a zero-tolerance policy for racist behavior.



STEP 5

Learn how to inclusively hire people with disabilities.

Title I of the Americans with Disabilities Act (ADA) protects the employment rights of people with disabilities, prohibiting discrimination against disabled workers and ensuring that they're treated fairly.

Pursuant to federal laws, employers may not discriminate when hiring disabled individuals. Hiring people with disabilities can help companies meet workforce needs while remaining competitive within the market.



Some of the biggest benefits of hiring disabled workers include:

- Expanding the talent pool
- Creating a diverse workplace
- Meeting workforce needs
- Fostering creative solutions
- Generating goodwill among employees and customers

Accommodations for disabled workers

Many individuals with disabilities need workplace accommodations in order to perform their jobs to the best of their abilities. Some examples of workplace accommodations include:

- Physical changes to the office environment, such as installing a ramp
- Assistive technologies, such as providing a screen reader
- Accessible communications, such as providing large print manuals
- Policy enhancements, such as adjusting work schedules



Here's how to interview someone with disabilities.

Creating an inclusive interview process should involve reasonable accommodations.

- Ask the interviewee if you can make them comfortable with any accommodations.
- Allow plenty of time for the interview.
- If the interview is via video, place yourself directly in front of the camera at eye level.
- Speak directly to the person and maintain eye contact.
- Use the same interviewing techniques you always do.
- Clearly identify yourself and anyone else in the interview group.
- Listen attentively and focus on the person being interviewed.
- Allow the individual and their assistive devices to have personal space.



Actions to take when hiring people with disabilities.

There are also actions you should take to prevent disability bias during the hiring process. You will also want to avoid the appearance of discrimination.

- Ensure anti-discrimination policies include disabilities.
- Offer reasonable accommodations during the application process.
- Do not ask job candidates if they're disabled.
- Do not ask about necessary accommodations.
- Do not make assumptions about a candidate's capabilities.
- Ask everyone, not only people with obvious disabilities, if they can perform tasks for a job.
- Be clear that mental health concerns are not an auto-disqualifier for the job.
- Do not ask job candidates personal questions unrelated to the ability to do the job.
- Do not require any type of medical examination before making a job offer.
- If a medical exam is required after a job offer, all employees should be subject to the same requirements.



STEP 6

Learn how to write an offer letter.

After weeks—or even months—of searching for the perfect candidate to fill a role, you’ve found a great fit. You’re ready to extend a job offer to your chosen candidate, but want to do it the right way.



An offer letter serves as a formal document that outlines the terms of the employment contract and which you both can reference at a later date. Here's what to include:


- **Basic information:** Include the company name, candidate's name, job title, and position type (full-time, part-time, independent contractor, and/or shift).
- **Start date:** Include the start date and whether it's been discussed in previous conversations. This allows the candidate an opportunity to leave their current job or get affairs in order.
- **Reporting structure:** Include the names and hierarchical structure of the employee's team to provide key information and prepare the candidate to start.
- **Salary and benefits:** Make sure to include the salary, bonus information, and benefits structure.
- **Additional agreements:** Depending on the industry, your offer letter may include a non-compete agreement, a confidentiality agreement, or both.
- **Contingencies:** If you have discussed contingencies during the hiring process, include them in the offer letter. Contingencies mean the offer is conditional on a certain task or step.
- **Expectations discussed in the hiring process:** Include any on-the-job or work environment expectations that you've discussed in the offer letter so the candidate can practice them from day one.
- **Contact information:** Provide the candidate's contact information to someone with whom they can discuss their offer letter if they have questions or concerns.
- **Acknowledgment and confirmation:** Include an acknowledgment of receipt of the offer letter and a signature line to confirm and accept the offer.

While a good deal of important information should be included in the offer letter, you should avoid a few crucial items. Stay away from using language that indicates promised bonuses, statements that allude to job permanency, or talk about reasons for termination (it conflicts with the nature of at-will employment).



Offer letter example.

If you're unsure about what your offer letter should look like, take a look at the offer letter template below to get started.

	Offer Letter
[Employers name] [Employer Address] [Employer Email] [Employer phone]	[Date] [Employee name] [Employee Address] [Employer Email]
	Dear [Employee],
	On behalf of [company name], I'm pleased to extend an offer of employment to you for the position of [position name/title]. After careful consideration, we believe your skills and expertise will be an excellent fit for the team and our organization.
	Your starting date will be [month, date, year]. As discussed in our previous conversations, the position's salary is [\$XX,000], paid [weekly/biweekly/monthly]. Direct deposit is available, and you can set it up during [orientation/your first week].
	[Write a benefits paragraph that outlines PTO, insurance, retirement/401k plans, and any other fringe benefit your company offers].
	If this offer is acceptable to you, please sign below and return a signed copy to my attention at:
	I'm here to answer any questions you may have about this offer or the position.
	Thank you, [Your Name]
	I hereby accept the position of [position offered].
	_____ Signature
	_____ Date



STEP 7

Learn how to conduct employee background checks.

Employee background checks are an essential part of the hiring process for many organizations. They can help you understand whether a person's history meets the requirements of your open position. Background check services can review an individual's employment history, work experience, education, and criminal record. It will also reveal any omissions or falsehoods that may appear on a resume, application, or during interviews.

Conducting a thorough employee background check through a third-party vendor can help you make a smarter hiring decision. However, it must be completed in a consistent, fair, and legal manner.

Any background information you obtain cannot include medical or genetic information. If it does, you will risk the appearance of discrimination. You also cannot use a background check to discover someone's protected class (race, religion, skin color, sexual orientation, gender identity, age, ancestry, ability status, ethnicity, sex, pregnancy or parenthood status, military or veteran status, or HIV/AIDS status) and then make an employment decision based on that information.



What to do before you conduct a background check:

1. Find and certify the company that is conducting the background checks.
2. Comply with Fair Credit Reporting Act (FCRA) requirements.
3. Tell the job candidate you will be using their information for a background check.
4. Get the individual's written permission to do a background check.
5. Provide the nature and scope of any investigative report to the applicant.

What background check should you use?

There are various types of background checks that you might use in your organization. Your decision regarding which background checks to use should be consistent across your organization. Here are some common types of background checks that businesses conduct on prospective employees:

- Criminal background checks
- Educational background checks
- Credit checks
- Driving record check



STEP 8

Know different tax forms.

Let's dive into the labyrinth of tax forms—a vital part of running your small business, especially when it comes to hiring. This might seem like a daunting task, but we're here to help clear up some confusion.



Form I-9

Federal law requires that you verify each new employee's eligibility to work in the United States upon hiring them, regardless of their citizenship status. Form I-9, the Employment Eligibility Verification Form, guides both parties involved through the process and serves as evidence of your due diligence.

If you fail to complete Form I-9 or make false statements on the document, you may face criminal prosecution and severe penalties under federal law, including fines and jail time.

Form W-4

Form W-4 determines the amount you should withhold from paychecks to cover their taxes. Your employee will fill out their own W-4 upon getting hired (or at some other point in their employment) before you fill out their W-2.

Form W-2

Form W-2 is the employer's responsibility. This form is filed with the IRS annually to document each employee's withholdings. A copy of the W-2 is also sent to employees so they can understand their tax situations and take care of any required payments.

Form 1099-SA

1099 forms are a series of tax documents known as information returns. Form 1099-SA is for reporting distributions from various health and medical savings accounts: Health Savings Accounts, Archer Medical Savings Accounts (MSA), or Medicare Advantage (MA) MSA.



Form W-3

If you have one or more employees, then Form W-3 (i.e. the Transmittal of Wage and Tax Statements) is on your list of annual filing requirements. This form is an Internal Revenue Service (IRS) payroll tax document that compiles all of the data in an employer's W-2 forms for the Social Security Administration (SSA).

More specifically, the document contains a comprehensive summary of the wages paid and taxes withheld for your company's employees. That helps the SSA confirm that you completed your W-2 forms correctly. Business owners must complete Form W-3 and send a copy to the SSA alongside their W-2 forms each year.

Form 5500

The Form 5500 Series is a group of documents that must be filed annually by employers who sponsor employee benefit plans, to comply with requirements in the Employee Retirement Income Security Act (ERISA) and Internal Revenue Code (IRC). Generally, you must file a Form 5500 for each pension and welfare benefit plan you sponsor. Pension plans include 401(k) and profit-sharing plans, while welfare plans provide benefits like medical, dental, and life insurance.

There are different versions of Form 5500 that you need to submit depending on the size and structure of your company. Here are the options and their primary eligibility requirements:



STEP 9

Create an onboarding plan.

After you have decided to hire a new employee, your next step is to review your onboarding process and ensure you're preparing your team for success. Employee onboarding is one of the most important steps in the hiring process, as it helps new hires quickly become productive members of the team. Here are the steps you need to take to optimize your onboarding plan.



Before the hiring process:

Creating a seamless onboarding process requires careful planning, and it all starts with understanding the specific needs of the role. Follow these steps before you hire a new employee for a smooth and efficient transition.

1. Evaluate the needs of the role.

Evaluate the role by meeting with current employees. Ask them about their onboarding process and what they wish they would have known on their first day. If the role does not currently exist within your company, search job postings on LinkedIn, ZipRecruiter, and other related sites to get an idea of the industry standard qualifications and requirements of that role. This step will give you ideas on what internal documentation you need to prepare for the open position.

2. Create a pre-hire checklist for the manager.

After you have evaluated the open position, create a checklist of the following items managers can prepare before a new employee's first day:

Training documents: This could include standard operating procedure (SOP) documents, instructional guides, how-to videos, information on employee benefits, and what steps new hires may need to take.

HR paperwork: This includes an employee's W-4, I-9, direct deposit, and necessary insurance forms.

Prep workstation and tech: Make sure your employee has access to all the software they need to complete their jobs and that their workstation is clean and has all the necessary hardware they require.

Supervisor meetings: Plan a meeting between the new employee and their direct manager on the first day of work.



After an employee has been hired:

3. Create a first-day checklist for new hires.

An employee's first day on the job is daunting, so preparing a checklist or guide for them to complete will help them get acquainted with the business and their coworkers. Here are some common first-day tasks you can assign a new employee:

- Consider a mentorship program.
- Introduce them to the team.
- Explain company culture.
- Review training and onboarding documents.
- Tour the facility.
- Do an activity together.
- Give them their first assignment.
- Outline the work ahead of them.
- Set an end-of-week meeting to discuss the employee's progress and answer any questions.



After their first month:

After your employee's first few weeks on the job, set them up with a meeting with HR. The goal of this meeting is to ensure they feel engaged and educated and know their way around the business. It also gives HR insight into the onboarding process so they can update the plan for future hires as needed.

Check in with their mentor.

An individual's mentor is going to have the most insight into how the new employee is doing. Work with the mentor to build an ongoing training process for the new employee, taking extra care in the areas in which they need improvement.

Build a company career roadmap.

Take time to consider an employee's long-term goals at your company. You can help them build a roadmap so they know how and when they can earn bonuses, raises, or a promotion.



STEP 10

Start an employee training and development program.

Employee training. Those two words alone can conjure up all kinds of bad memories for most people. But employee training doesn't have to be an awful experience. It can be productive, and believe it or not, enjoyable. When done right, your training can boost business results and improve retention.



What is employee training and why is it important?

Employee training is a program or initiative that provides employees with the education and specific knowledge or skills they need to improve performance in their current position. By investing in employee training, you can retain a productive, engaged workforce that boosts your profits and allows you to meet (or even exceed) your business goals.

Your industry, business model, and goals will determine the type of employee training that makes the most sense. Some of the most common types of training include:

- **Onboarding training:** Onboarding training supports new employees and sets them up for success within your organization.
- **Leadership training:** Leadership training helps employees become managers and supervisors. It's a type of soft skill training that focuses on communication skills, strategy, project management, and leadership.
- **Compliance training:** Compliance training involves anything your employees need to know to perform their jobs safely and legally. It often covers the guidelines set forth by the Occupational Safety and Health Administration (OSHA).
- **Technical training:** Technical training allows employees to properly use technology while on the job. If a position requires a certain type of software or device, technical training is vital.
- **Product training:** Product training is usually given to sales and customer service representatives. It teaches your employees about the various features and benefits of your products and/or services.
- **Sales training:** Sales training is a lot like product training but focuses on selling points rather than specific details about a product or service. With sales training, your employees can market your offerings, showcase unique features, and work through difficult customer questions.
- **Diversity training:** Diversity training shows employees how to work well with people from different backgrounds. It's often performed during onboarding and can help prevent workplace discrimination and harassment.



How to effectively train your employees:

These tips can help you provide an effective training experience that maximizes your employees' potential and allows your business to thrive.

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1. Define goals and objectives

 2. Choose the right training methods

 3. Minimize all distractions

 4. Make sure the environment is right

 5. Provide opportunities to reflect

 6. Put everything in context

 7. Measure results



STEP 11

Create an employee handbook.

Employee handbooks are written documents that explain policies, certain procedures, behaviors, and even some essential and background information for employees. While handbooks today are more likely to be online documents rather than old-school paper tomes of generations past, the function of your company's handbook is still the same—to ensure employees know what is and isn't okay in the workplace.

If your business doesn't currently have an employee handbook, it's time to get started as soon as possible. As your company evolves and laws and regulations change, so should your handbook. Here are a few benefits of having an employee handbook:

- Establishes clear rules and expectations
- Promotes fairness in the workplace
- Reinforces company culture and brand
- Provides legal protection
- Facilitates clear communication between the employers and the employees
- Gives every employee a baseline and shared understanding of what is expected of them



What to include in an employee handbook:

An employee handbook should start with a warm welcome and an introduction to the company. After this introduction to the company, your employee handbook should include the following sections:

Employment policies and procedures

This section covers essential policies and procedures that govern employment within the company. It should include policies related to equal employment opportunity, anti-discrimination, and harassment. Other important policies to consider are those addressing attendance and punctuality, work schedule and hours, compensation for overtime, breaks and meal periods, dress code and appearance, use of company property and resources, and guidelines for internet and social media usage.

Employee benefits and leave policies

In this section, provide a comprehensive overview of the various benefits and perks offered by the company. This may include information on paid time off (PTO), holidays and company closure dates, sick leave and medical absences, family and medical leave (FMLA), bereavement leave, military leave, and jury duty or court appearance policies.

Performance expectations and conduct

Describe the performance evaluation process, ensuring employees understand how their performance will be assessed and any related criteria. Incorporate a code of conduct and ethics policy that outlines expected behaviors, including guidelines for professional behavior, ethical standards, and conflicts of interest.

Termination and separation policies

Although an unpleasant topic, it's crucial to include policies related to termination and separation. Clarify the employment-at-will status, outlining the circumstances under which employment may be terminated.

Appendices and additional resources

This section should include any additional helpful resources and/or information that doesn't fit naturally in previous sections. Consider including an acknowledgment form for employees to sign to confirm they have read and understood the handbook.



STEP 12

Avoid common hiring mistakes.

Navigating the recruitment process can be a challenging task, particularly for small businesses. There are many common mistakes small business owners make during the hiring process that may end up costing considerable time and resources to correct in the future, and every hire counts in small business operations.



What to avoid:

Hiring in a hurry

Spend some time tailoring your interview questions to determine not just whether a candidate can do the job, but also whether they're a good fit for your company culture. And don't hesitate to conduct a second round of interviews and bring in other employees to assist you in truly vetting the candidates.

Dismissing the value of contract workers

There are many benefits to hiring freelance staff—they're not subject to the same federal wage and hour regulations as your salaried employees and are often readily available to get work done. Freelancers are highly skilled and can be affordable if you shop around, and having a small network of trusted contractors is valuable anytime you have extra work that needs to be turned around quickly.

Overlooking technology when hiring

Recruiting apps such as Google Hire (designed specifically for small businesses), LinkedIn Recruiter, JazzHR, and Zoho Recruit can help you identify and build a database of talent, build candidate relationships, share information, manage applicants, and schedule and track interviews.

Refusing to delegate the task of recruiting

The more time you put into hiring and managing employees, the less you can focus on things that drive revenue to your business. Turning your hiring needs over to a recruiting and hiring specialist ensures that you not only bring on quality employees, but can also focus on developing products, setting up new partnerships, and bringing in new customers to grow your business.



Not defining the role of the job

Small business owners may inadvertently create ambiguity around responsibilities and expectations, leading to mismatched hires. An under-defined job role can attract a candidate ill-equipped to perform necessary tasks, causing productivity losses and unnecessary turnover.

Not checking references

While candidates may appear qualified and impressive in interviews, reference checks offer a broader perspective on their past performance, reliability, and behavior. Similarly, background checks ensure candidates don't have undisclosed issues that could negatively impact your business.

Overlooking internal candidates

Existing employees or contract workers may have the skills, experience, and cultural fit needed for open roles. They already understand your business values and operations, which would reduce their onboarding time. Additionally, promoting from within can boost morale and demonstrate a clear pathway for career progression.

Neglecting training and onboarding

Without a structured onboarding process, new employees may struggle to understand their roles and expectations and the company's culture. This can lead to early disengagement and poor performance. Investing in a comprehensive onboarding program is an essential step to enhance employee retention and overall business success.



Hire the right employees for your business.

By following these steps, you're well on your way to hiring the best talent for your business. Remember to take your time in finding the best candidates. We wish you the best of luck in your hiring journey!

- Learn the types of employment and how they differ.
- Understand employee benefits.
- Know how to hire employees.
- Create a diverse workplace.
- Learn how to inclusively hire people with disabilities.
- Learn how to write an offer letter.
- Learn how to conduct employee background checks.
- Know different tax forms.
- Create an onboarding plan.
- Learn how to start a successful employee training.
- Create an employee handbook.
- Avoid hiring mistakes.



Conclusion

Lendio is a smart lending platform that connects lenders with new markets and small business owners with new possibilities. Since 2011, Lendio has built the nation's leading small business lending marketplace, partnering with 75+ lenders to bring fast and flexible funding options to local communities. With its lending software solutions, Lendio also brings machine learning and automated decisioning tools to partners and community lenders, so they can bring more and faster funding to more small businesses in their neighborhoods. Lendio has facilitated over \$13 billion in funding to businesses throughout the US, including those in communities typically underserved by traditional banking services.