



MaRS | ENTREPRENEUR
WORKBOOKS
Human Resources Management Series

Building Block 3
HR at Work

HUMAN RESOURCES MANAGEMENT

Introduction: What to expect?

In his book *Outliers*, Canadian author Malcolm Gladwell looks at the relationship between statistical probabilities and the chance of success in your chosen field of work or sports. His essential claim is that you need around 10,000 hours of practice to become really good in a particular field.

This workbook will not take 10,000 hours to complete, so you should not expect that you will become an expert in human resources management by going through the activities outlined within. Rather, the purpose of the workbook is to help you understand and focus on the key issues in the field of human resources, and to introduce you to frameworks within which to think and discuss essential areas of your business. The process offered will provide sufficient grounding in the topic so that you will know what questions to ask advisors and consultants, and, in the case of consultants, how to evaluate their work.

Additionally, this workbook provides a launch point for a number of vital business decisions you will have to make to develop your start-up. As a best practice, it is critical to return to these workbooks and revisit facts and assumptions on a continuous basis. This will ensure not only that you build on your learning experience but that you adjust your assumptions to maintain the right course for your business.

Building Block 3: HR at Work

This workbook is part three of a three-workbook series on human resources management. It was designed specifically for entrepreneurs in the high-tech space. Human resources (HR) management consists of three major parts, or Building Blocks, each adding to the foundation of the previous one:

Building Block 1: Building an A-Team

Building Block 2: Compensation

Building Block 3: HR at Work

Each of these building blocks addresses an essential aspect of human resources management for the entrepreneur. Once you have completed all three workbooks, you will have a comprehensive human resources management plan.

With this plan in hand, you will be equipped to begin building and managing a high-performance team of employees to drive your company's growth.

How to use these workbooks

1. Take time to think it through.

These workbooks present a framework for formulating a comprehensive HR management plan. To make the most of them, it's best that you take time to think through your entries. Talk to advisors and fellow entrepreneurs, refer to your business plan and make sure that your HR decisions align with your financial forecasts and overall company objectives.

2. Revisit your assumptions.

The job of HR management is never done. Once you have completed the workbooks and begun to implement the resulting HR management plan, revisit these workbooks regularly to update their contents according to new information you've acquired over the course of running your business. Keeping your HR management plan up to date will make your job much easier when it comes time to bring new staff on board, discuss your HR policies with a potential investor, or make strategic decisions about the direction and capabilities of your company and your people.

3. Use the icons for help.

The workbooks are structured under the assumption that this is the first time you, the reader, has undertaken an HR management planning exercise. To clarify some of the ideas, we have defined key terms and offered real-world examples. In addition, we have provided links to online articles, templates and videos. For this reason, you may find it easiest to use these workbooks on a computer with an internet connection.

Look for these icons:



denotes a key HR term that will recur in these workbooks



indicates an example drawn from a real-world business in order to illustrate an important idea



denotes a link to a more in-depth online article, video or template



appears wherever you are asked to record something in the accompanying planning document while completing the exercises

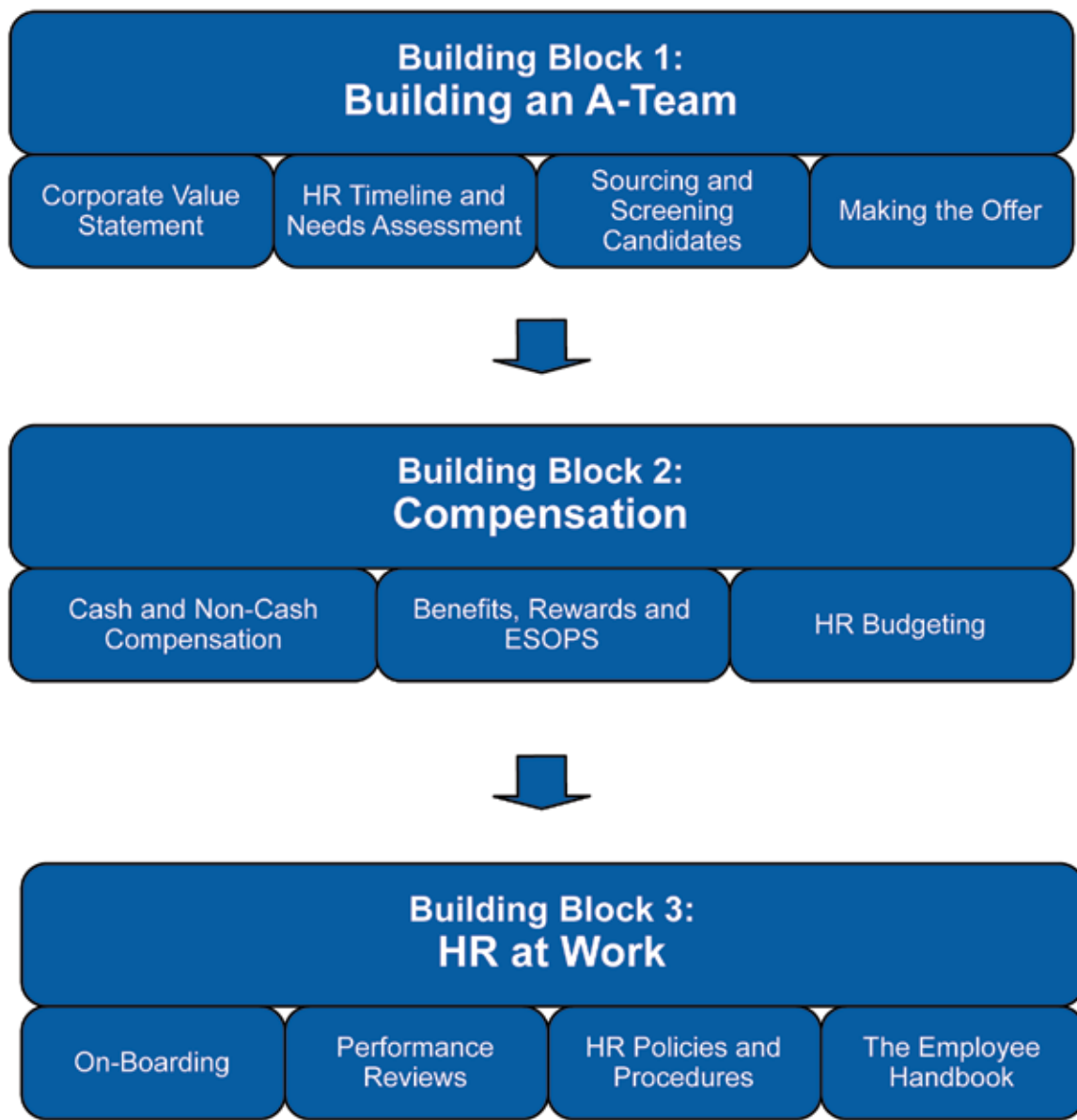


indicates key information for your business plan, pitch deck or other documents you might be preparing for potential external investors

Before you start

These workbooks are designed to assist entrepreneurs and their leadership teams in early-stage, high-tech companies, and are based on tried-and-tested HR management practices that are relevant for start-ups in a wide range of industries. The following chart describes the progression through each Building Block.

Building Blocks of HR Management Strategy Development



BUILDING BLOCK 3: HR at Work

This section will help you to link the HR management plan and compensation plan that you previously developed and establish the everyday operating policies and procedures that will underlie your HR operations. This workbook will address the following questions:

- How do I effectively bring new people on board?
- How do I establish and conduct performance reviews?
- What are the essential HR policies and procedures I need to have in place?
- How do I create an effective employee handbook?

1. On-Boarding

Effective on-boarding is the key to integrating new hires into the corporate culture and ensuring that from the start they are able to work as productively as possible.

a. Materials checklist

Once you have hired a new staff member, write a list of all the items they will need to do their job. In the weeks prior to the new employee's arrival, review the list and ensure that everything they will need is in place.



Example: Materials checklist

- Computer and telephone equipment
- Office supplies
- Email account and network access
- Business cards



In the corresponding section of the HR at Work planning document, compile a standard materials checklist for new hires at your company.

b. Administrative paperwork and processes checklist

Itemize all the necessary paperwork that goes along with bringing a new hire on board. Go through this list on the employee's first day and make sure you have all the appropriate documentation in place.



Example: Administrative paperwork and processes checklist

- A signed, filed copy of the employment contract
- Employee records (phone numbers, emergency contacts, etc.)*
- Payroll forms
- Information on pay periods and method of payment
- Benefit application forms (if applicable)
- A directory of all other employees and their office contact information
- A floor plan with all employee names and their office locations

*The Ontario *Employment Standards Act* requires employers to keep detailed employee records.



In the corresponding section of the HR at Work planning document, compile an administrative paperwork and processes checklist for new hires at your company.



Read the [Employee Records](#) article for a description of the information you are legally required to maintain.

c. First-day training checklist

Whether you have four employees or 40, training is an essential part of the onboarding process. No matter what position they hold, employees need to know about your company's culture, products, and services, and how to navigate the computer and phone systems. You should also cover more specialized, position-specific information where appropriate.

Create a first-day training checklist for new hires. In the weeks prior to the new employee's start date, gather the appropriate documentation and training materials. Consider sending an advance information package to the employee so they can familiarize themselves with the material before they arrive.



Using the corresponding section of the HR at Work planning document, create a first-day training checklist for new hires at your company.

d. Job expectations

It's important to be clear about job expectations from the start. On the employee's first day, review the position description with your new employee, and discuss and agree on their short- and long-term objectives. Lastly, outline the new employee's day-to-day working requirements (such as hours of operation and attendance at regular staff meetings).

Take some time before each new hire arrives to draft some discussion points about:

- the position description
- short- and long-term objectives for the new employee
- day-to-day working requirements

2. Performance Reviews

The new employee's first day should also involve a discussion of the format and frequency of performance reviews. Performance reviews at most companies are conducted once per year, but can also be scheduled at more frequent intervals or at the end of major projects.

These reviews should be designed to assess an employee's performance against the short- and long-term objectives you established earlier (see the previous section of this workbook).

Conduct the performance review in three parts

1. Review the employee's performance during the performance period.
2. Set objectives for the next period.
3. Assess the training and development needs of the employee.

The Performance Review Template in the Appendix of the *HR at Work* planning document provides an example of a well-structured performance review session. It includes some starter discussion questions.



Using the corresponding section of the HR at Work planning document, draft a description of your performance review plan for new staff.

3. HR Policies and Procedures

a. Vacation

In Ontario, employees are entitled to 10 days of paid vacation per 12-month work year, scheduled in blocks of not less than one week. At least 4% of each employee's gross wages must be paid out as vacation pay.

Vacation scheduling is a critical function, especially for start-ups. It is important to avoid a situation where key team members are simultaneously absent, or absent during critical times. Discuss vacation scheduling with your team at the beginning of each year, and draw up a group vacation calendar so that you can strategically plan each team member's time off.



Read about [vacation policy](#) for more insight into common corporate practices when employees take time off.

b. Public holidays

On the group vacation calendar, remember to track all public holidays. In Ontario, the following nine dates are paid public holidays:

- January 1
- the third Monday in February
- the Friday before Easter
- the Monday on or before May 24
- July 1
- the first Monday in September
- the second Monday in October
- December 25
- December 26



Read a summary of your legal obligations to your employees with regard to [public holidays](#).

c. Overtime

Legally, Ontario employers are required to give overtime pay to employees who work in excess of 44 hours per week. Or, employers can agree with employees to provide 1.5 hours of paid time off for each hour of overtime worked. Start-ups rely on overtime a great deal, but it is important to compare the additional cost of overtime pay against alternatives such as hiring additional staff, outsourcing, or hiring temporary or part-time workers.



Read a summary of your legal obligations to your employees with regard to [overtime pay](#).

d. Leaves of absence

In Ontario, employees are entitled to various types of unpaid leaves of absence. The following article provides details on the conditions under which employees qualify.



Read a summary of your employees' rights when taking [leaves of absence](#).

e. Termination

Employee termination can either be voluntary (i.e., the employee resigns), or non-voluntary.

In most cases, when an employer ends the employment of someone who has been continuously employed for three months, the employer must provide the employee with either written notice of termination, termination pay, or a combination of the two (as long as the notice and the termination pay together equal the length of notice the employee is entitled to receive).

Employers are required to provide written notice to an employee they intend to terminate, unless they are terminating the employee for “willful misconduct, disobedience, or willful neglect of duty that is not trivial and has not been condoned by the employer.” Termination for cause can be a complicated legal issue. Most HR professionals recommend consulting a lawyer before such a course is taken.

See the Ontario [Employee Standards Act](#) for a full explanation of your legal obligations and options when terminating an employee.

Recommended procedures for carrying out a smooth termination include:

- 1. Conduct an exit interview with employees who resign.** Use this interview to discover what prompted the employee to leave, and how he or she thinks you perform as an employer. Read the article below for more tips on how to hold such an interview.
- 2. Conduct a meeting to notify an employee that they are being terminated.** The meeting should be run by at least two people, and should be handled as professionally as possible. During the meeting, you should:
 - make arrangements for the employee to return company property
 - provide the employee with a *termination letter*
 - clearly state any administrative requirements such as the return of a company car or equipment, or the submission of expense claims
- 3. Notify the rest of the staff** about the employee's departure and outline any necessary contingency measures that must be taken.
- 4. Notify any customers** who may have had a strong relationship with the employee.
- 5. Prepare documentation** and perform the necessary administrative steps to complete the termination:

- issue a record of employment
- calculate any vacation pay owing
- notify the benefits carrier of the termination (benefits must continue to be available to the employee until the day they leave the company)



Read more about the different considerations when [terminating](#) an employee.



Sample Termination Letter 1 (for reasons other than just cause)

[Date]
[Name]
[Address]

Delivered by hand without prejudice

Dear [Name],

Re: Termination of Employment

As discussed, this letter represents formal notice that your employment with [Organization] is terminated effective immediately. You will receive your regular pay up to and including today, [date]. (IF APPLICABLE:) You will receive an additional [number] weeks pay in lieu of notice of termination as per our obligations under the Employment Standards Act of [Province]. (IF APPLICABLE:) Your entitlement to our group health benefits program will continue during your notice period, with the exception of [depends on the plan], which ceases effective immediately.

You will receive a further payment which will represent your accrued and owing vacation pay.

These payments together with your record of employment will be delivered to you within [number] days of today's date. (IF APPLICABLE:) We wish to amicably and completely bring closure to your employment and to assist you in this transition. We are therefore prepared to offer you an additional [number] weeks of termination pay, to be paid to you in a lump sum, less applicable statutory withholdings. Please note that this offer is conditional upon you keeping its terms strictly confidential, with the exception of your legal counsel. This offer will remain in force for your consideration until [date]. If the terms of this separation offer are acceptable to you, please sign below and attach a signed and witnessed copy of the attached Release. When you have signed, the terms of this letter will become a binding agreement upon you and [Organization].

On behalf of the team at [Organization], I wish you well in your future endeavours.

Yours truly,

[Your name]
[Title]

Signed:

[Employee name]
Date:



Sample Termination Letter 2 (for just cause)

[Date]
[Name]
[Address]

Delivered by hand without prejudice

Dear [Name],

Re: Termination of Employment

As discussed, this letter represents formal notice that your employment with [Organization] is terminated effective immediately [date] for just cause, due to [type of misconduct]. [Optional summary of misconduct, or poor performance reviews and warnings] In view of these circumstances, we have no alternative but to dismiss you immediately for just cause, without notice or pay in lieu of notice. A cheque for outstanding salary and vacation pay in the amount of [\$\$\$] is enclosed [OR, will be forwarded to you within the next x days].

Yours truly,

[Your name]
[Title]

4. The Employee Handbook

Much of the material covered in the three HR management workbooks can be used to create a useful and informative employee handbook. The following is a recommended outline or guide for creating a basic employee handbook for new hires at your company.

1. Introduction

- i. Welcome
- ii. Company value statement
- iii. Company culture
- iv. Key corporate goals

2. Company History

3. HR Policies and Procedures

- i. Hours of operation
- ii. Regular team meetings
- iii. Vacation
- iv. Public holidays
- v. Overtime
- vi. Leaves of absence
- vii. Payment procedures
- viii. Benefits
- ix. IP ownership and trade secrets
- x. Code of ethics
- xi. Use of company IT

4. Operating Policies and Procedures

5. Performance Expectations and Performance Reviews