

At the heart of any good employer/employee relationship is a clear definition of expectations — of what's acceptable, and what's not. As a company grows this becomes even more important. When you begin having more than one crew, with different foremen — each making disciplinary and policy decisions — the potential for misunderstanding, favoritism, and just plain poor management begins to multiply. In addition, a single manager may respond differently depending on whether a job is going well or poorly.

Because we were planning to grow, we knew we needed consistency. So we decided to write an employee's manual. If someone walked in the door wanting to know what it's like to work at Salmon Creek, they could get a clear and uniform response.

The Manual

From a disciplinary standpoint, you have to contend with the fact that some foremen are less discipline-oriented than others. And each crew tends to have its own "personality." One crew may be very set in the way it does things, and another may be more relaxed. There may not be a difference in production rates, but there is in style. I've come on one job and had to caution the crew to tone down the acid rock, and another where they're playing Vivaldi on the public radio station. Running a business and running multiple crews is no different than running a family. We all need to have the boundaries defined. And yet nobody wants to work in an oppressive environment. Finding that balance is important. We didn't want to write a book that everyone would be consulting daily.

And frankly we wanted to use the manual as a sales tool to help us hire better people and portray the company as an employee-friendly company.

Every business is different, so when we decided to write our own manual, I did quite a bit of research. I ordered one of those mail-order books on the topic and we used it as a reference. It was good because it gave definitions and things to watch out for. I also begged and borrowed different manuals from all sorts of companies, from large to small. The manuals varied from one-sheet photocopies to ring-bound and three inches thick. We wanted something in-between. And we wanted a format where you wouldn't have to read it all to get the answer to a single question.

From all of the above, I synthesized our manual. Our first edition was very nicely bound. Now it's just photocopied and stapled, a total of 24 pages. Some employees have said it's a bit wordy, but there's not a lot we would cut. One of the problems is that there are thousands more things you could put in, but you want to make it something that people won't throw in the trash. We have made amendments to it, mostly in response to suggestions made by foremen, and requests from workers.

We do have a statement at the end in which the employee acknowledges that he or she has read and understood the manual. We included it so that people would take the manual seriously. And an employee manual becomes a contract in most states, so we wanted to have it signed. It is a two-way street, the employer as much as the employee has an obligation to follow the manual. A duplicate copy of the statement is loose for the employee to sign, and that goes into their job file.

Aside from the statement at the end of the book, the manual is divided up into three basic sections: benefits,

employment policy, and rules and regulations.

Benefits. A lot of people have asked us why we include information about standard benefits (workmen's compensation, social security, etc.). First, we wanted to let it be known that we are an "in business" business, and we don't hire people under the table and do cash deals on the side. Also, it helps us sell the potential employee on Salmon Creek. They may be required by law, but these benefits cost us money. I want the worker to be aware that every hour they work costs us a certain amount of money for their benefits.

We also offer health and life insurance. But other than a brief description, we've kept the details of the plans out of

We also offer a credit union, and I don't believe this is typical for a company our size. A credit union can be a very positive financial benefit, and again we were hoping this would be an enticement to the long-term employee with a stable background. We do it through ABC (Associated Builders and Contractors) and we have no requirement that anybody use it. It enables them to establish credit which is a valuable commodity to a lot of people. We have people saving nothing to people saving \$100 a week. We also use the credit union for some of our benefits, such as sick days or vacation days. We don't carry any of our benefits over at the end

benefit is that we probably have guys using much better tools than you'd see generally. We have a lot of men using table saws, chop saws, tools that aren't a requirement for us, but they bought it because of the convenience of the plan.

The major advantage of all of these worker benefits is that Salmon Creek attracts higher caliber people, but the investment is substantial. The basics (social security, worker's comp, etc.) cost about 22 to 25 percent of base salary, and we probably add on another 10 percent to that.

Employment Policy. Most of our policies are standard: we promote from within; require neat, business-like

WRITING AN EMPLOYEE MANUAL

by Ward Smyth

Clear policies make for
good employee relations.

the manual. The insurance company supplies that, and we don't want to get into a situation of documenting something that's changing faster than we're aware of. Recently we added maternity benefits, because a lot of workers were asking for it.

In our whole benefit package, we're looking for career tradesmen, not the person who has decided to be a carpenter for the summer. We have two options: we could either pay a high wage with no benefits, or pay good wages with a good benefit program. The person who comes to you because you offer the highest wages will leave immediately upon being offered more. People looking for benefits tend to be more stable and career-oriented. That's the employee we're trying to appeal to.

A good insurance plan can help provide a sense of security. We spent a lot of time pondering what extent of coverage to provide. We decided to pay 100 percent of the employee's insurance bill. If they want to put their spouse on they can do it as a deduction. And they can opt for a higher level of coverage in either the health or life insurance plans.

against paying cash for unused benefits, so we multiply our December pay rate times the unused time and make a deposit into their credit union account. Not that they can't get it out the next day, but it's different psychologically for them and for me. Our life insurance policy is also through the credit union. As for holidays, we pay for seven. We do have a requirement that you work the day before and the day after (if they are scheduled workdays). What we've chosen for our vacation plan is to grant one week after one year of employment, two after two years, and three after seven years.

Our tool-purchase program is really one of our better benefits. I view it as a real two-way street. The carpenter whose skill saw takes a boulder off the roof probably doesn't have \$185 in his pocket to replace it. Most likely he needs it the next day at work. He can go to any store where we have an account and charge it to the company (workers can charge up to \$200 without prior authorization). We take that amount out of their next four paychecks. It helps take some of the bite out of unforeseen expenses. The other major

dress; and provide equal opportunity. We do have a tool requirement—and I haven't seen that in other small home building companies. There's nothing terribly exotic on the list, but it solves the problem of having to arbitrate when Sam doesn't have a tool, borrows someone else's and breaks it. By the end of their 90-day probation, they need to have the tools on the list. We separate the requirements into those required for laborers and those for carpenters. The 90-day probationary period provides us with an opportunity to review the employees, and them us. In the construction business it's very hard because until you see a tradesman at work, you won't know if he can do it. You generally know in two weeks what his personality is. Originally we wanted to make the period 60 days but we decided to go with 90 days. We really wanted to see if the person was going to stay before giving them the full benefit package.

We do a written performance review of everyone in the company (including office personnel) twice a year. We use a standard form. It's four pages and goes into everything from work habits to

how they get along with others. It's easy to fill out, because you grade with numbers (1 through 5), which tends to force you to be less emotional. Each foreman reviews everyone in the company. If the foreman doesn't have enough experience with a worker they often excuse themselves. When it's done, I summarize it using symbols instead of names so they see my comments and they see four symbols, but they don't have to deal with who said what about whom. They get a copy and one copy goes into their job file. Hopefully it's a way for them to have a sense of how we feel about them. Also, it avoids something I see happening a lot in other companies. In most companies, people get a raise by going up and bugging their boss. If people know that they are going to be reviewed twice a year, they won't do that. They know you're aware of their performance.

should be. Some of the rules we've never had to use at all. But the rules set up a structure so we don't have to string a bad situation along. In the building business you work with a crew situation, and you can't have people saying "Well the heck with it, I'm not coming in today." Granted, people get sick, and have needs. You have to recognize that and be open to that. But at the same time we can't tolerate foolishness. Most of the time, when we're looking at a discipline problem, it's a situation where a new employee has quickly lined up three offenses for tardiness or absence. We just let them go.

Usually the person giving a reprimand is a foreman. Sometimes the foreman will talk to me about it before they actually take action. Unless it's a really gross violation, the foreman can't fire without going over the case with me first. Anyone in the company is free to discuss disciplinary decisions with me,

drink before or after work. But if someone actually has a problem with alcohol or drug abuse we've handled it in a variety of ways. A lot depends on the worker's attitude and how long they've been with us. We had a fellow a while ago who was saving enormous amounts of money in his credit union account so that he could buy cocaine. It was a younger fellow and it was a difficult situation. We talked to his parents, and to him quite a bit. And frankly we ended up dismissing him. He didn't have any interest in helping himself. In another situation a worker was able to commit himself to a rehabilitation program. I know that his family had tried for a long time unsuccessfully, and it was really through our foremen's encouragement (literally to the point of driving him to the rehab center) that he recovered.

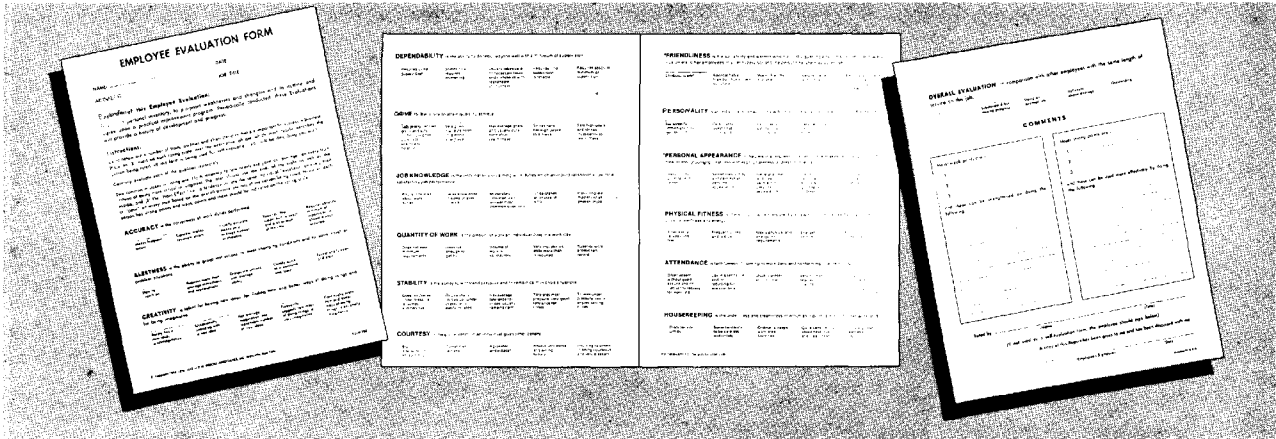
Safety. If you don't make a commitment to safety it gets lost, so we're

make you understand the process.

The rule forbidding moonlighting for our clients came about with an experience we had a while ago. We had a situation with a very nice outgoing guy. The owner ended up asking this guy to cut down some cabinets. Well, they weren't just cabinets — they were \$8,000 dollars worth of Japanese lacquered cabinets. While this fellow is a good framing carpenter, he isn't a finish carpenter. So the next thing we know is he's ruined the cabinets, and our customer is deducting \$8,000 from our bill.

Besides the Manual

As you can see, the Employee's Manual contains the core of our personnel policy. In addition to the manual, we try to keep communication open — but not by showing up at the end of the day and having a beer with the crew, like many people do. Instead, we meet monthly, on the payroll, to discuss whatever



Rules and Regulations. Our rules are pretty straightforward. No gambling, no drinking, no abusive language on the site, etc. The way I put it during the job interview, this part of the manual tells you how to get fired. Pick a rule and break it. We basically work on a three-offense system (although some behaviors, such as walking off the job, will result in immediate dismissal). The first offense is a verbal warning, the second is a written warning and a maximum of three days suspension, and the third means dismissal. We use a little three-part slip that you can buy from a business form company. Here again,

whether a firing or just a reprimand. Now and then an employee will interpret the situation differently and want to discuss that with me. Most often, because the offenses are itemized in the manual, it's pretty clear and hopefully less emotional. I can think of a fellow that got reprimanded for not moving fast enough. That involved a little interpretation. He felt that that was unjustified. In that situation, we shifted him to a different crew, and the same decision was made. He was still in the probation period, and we finally let him go. I can think of another instance, because of personalities, where we moved some-

pretty strong on the subject. It's an offense to fail to use safety devices on the job. We don't have a safety officer, but I make it clear that I don't want boards left around the site. I don't want someone being hurt and not reporting it. I don't want someone to be macho about something in their eye. I expect them to report it. We had American Red Cross come in and give their standard first-aid course and we plan to do it again. (It's actually an OSHA requirement that all foremen have a current first-aid card.) The course wasn't mandatory for everyone, but we only had one person who didn't do it. It was six sessions from 3 to 5 o'clock. The first hour was on payroll. The second was on their own. (If they chose not to attend, they didn't have the option of working alone on the site, so they'd lose an hour's pay for each session.) Everyone was a little cynical at first, and there was a lot of joking about the thing, especially about CPR. But after the course, the braver workers actually admitted that they felt better about it.

Moonlighting. In the manual, we state that the worker "may not work full or part-time for another company engaged in the general contracting business without written approval from your construction supervisor." We also forbid working full or part-time for any client of Salmon Creek. Either types of activity will be "considered cause for termination." It sounds pretty strict, but it's more for control. I actually encourage moonlighting. If I think someone will be responsible about it, I'll help him get work, because we get requests for miscellaneous projects. Moonlighting is beneficial from an educational standpoint, because there's nothing like being your own boss, and having to figure things out by yourself, to really

comes up. At the most, we structure 15 to 20 minutes of the hour-long meeting. The rest is unstructured time to get together, compare notes about equipment and jobs. You'd be surprised what we learn from these meetings. Two different guys from different crews will mention trouble they've had with the company truck, and you realize that the problem is chronic and serious. It helps get things done, and helps get information out.

Besides the meetings, we're in the process of putting together an operations manual, so that the bookkeeper knows that payroll has to be done at a certain time, and the foreman knows that time sheets have to be turned in at a certain time. We're hoping this will help make things run more smoothly. Another thing we do is provide detailed job descriptions to foremen and office workers, so they know what's expected of them.

I've worked for some good people and some bad. I tend to believe that what's good for the workers is good for the company. My basic philosophy is to try to pay as well as we can and give the best benefits we can without killing the goose. I don't want our company to be too formalized, but I think that it's valuable for all of us to understand where the lines are drawn. Finally, don't forget that the company consists first and foremost of the people that work for it. And they'll perform best if they feel they're a part of the company. ■

Ward Smyth is owner of Salmon Creek Builders, in Salisbury, Connecticut. Not including Ward, the company employs three people in the office (secretary, bookkeeper, and production coordinator), and 18 people in the crew. As many as five crews may be working at one time.

EMPLOYEE WARNING NOTICE		<input type="checkbox"/> 1st NOTICE	<input type="checkbox"/> 2nd NOTICE
NAME	CLOCK NO.	DEPARTMENT	DATE
NATURE OF VIOLATION		ADDITIONAL EXPLANATION	
<input type="checkbox"/> Substandard Work <input type="checkbox"/> Safety <input type="checkbox"/> Conduct <input type="checkbox"/> Tardiness <input type="checkbox"/> Absence <input type="checkbox"/> Attitude <input type="checkbox"/> Disobedience <input type="checkbox"/> Carelessness <input type="checkbox"/> Other - See Explanation Area			
I have read this notice and understand		EMPLOYEE'S SIGNATURE	DATE
WARNED BY		APPROVED BY	

with more than one crew, you can't have one guy give a verbal warning, and have someone else giving the same worker another verbal warning without knowing about the first, so we actually write up verbal warnings and keep a record of them in the worker's job file.

If you set up a good program, and hire good people, the rules section won't be used very much, which is as it

one to another crew, and it's worked out really well, and he's still there two years later.

Three issues we deal with in rules that bear further discussion: substance abuse, safety, and moonlighting.

Drugs and alcohol. We don't allow them on the job, and although we don't follow people to and from work, we make it clear that it's not acceptable to