Hiring 101
Guidebook for growing businesses
If Growth is a Goal for Your Business ...

... It's likely you'll eventually need to take on one or more employees. It's normal to experience a little trepidation during such a big milestone, but this hiring guidebook will provide you with best practices to help you before, during and after you bring that next employee on board.
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Part One

Defining Your Hiring Requirements

The first step begins with envisioning your perfect employee. By the end of Part One you’ll know what role they’ll play in your business, as well as the skills and attributes that qualify them for the job. This person is going to help shape the future of your company, so dream big!
Who Do You Need?

Before you dive right in and start penning a job ad, you need to establish what sort of help you require.
Here are the main things to consider before making that all-important choice:

**Full-Time**
Full-time employees typically work 30 or more hours per week and would typically be eligible for any benefits offered by the company. It’s a good idea to weave the cost of these benefits into the employee’s overall compensation package so you’re not blindsided by extra expenses later on.

**Part-Time**
Company policy or applicable rules typically dictate whether part-time employees are eligible for company benefits. Depending on the workload and other departmental needs, hiring a part-time employee may be more cost-effective than hiring someone on a full-time basis, especially when you’re still figuring out exactly how much help you need.

**Temporary**
If you want to fill a vacancy due to a temporary requirement then this is the option for you. Companies generally do not offer company benefits to temporary employees.

**Seasonal**
Does your business flourish during a particular time of year? It might be best to hire employees exclusively for those seasons when you need extra hands.

**Independent Contractor**
If you need a specialized project to be completed by a bona fide expert, you may want to consider an independent contractor. Independent contractors work for themselves and are not employees of your company.

The government has made misclassification enforcement a top priority, targeting employers who have wrongly / mistakenly labeled employees as independent contractors. Be sure to classify correctly and adhere to independent contractor tests, such as the IRS Test, before classifying a worker as an independent contractor.

**Interns**
Many of us have been an intern at one stage or another. Internships allow students to obtain entry-level experience in a job or field they are interested in and employers get the chance to work with fresh talent and potential future employees.

Unless very narrow tests are satisfied, generally internships must be paid. For more information, go to: United States Department of Labor.
Define Job Responsibilities

It’s vital you find the right candidate — somebody you can trust, with the skill set to evolve your business and a personality that jives with your company culture. Start by identifying key attributes of the job.

Identify essential functions and responsibilities:

**Essential Functions**
Identify the core responsibilities of the position. Think about regular day-to-day functions as well as duties that occur at irregular intervals, but are recurring and essential in nature.

**Supervision**
Consider the level of job autonomy and whether or not the individual will manage a team in the future.

**Physical Demands**
Are there any physical actions needed to carry out the job, like sitting for extended periods of time, standing, walking, bending, or lifting?
Understand the Requirements of the Job

Take time to identify the requirements of the job, prioritizing those that are most important.
Ask Yourself

What requirements are most important to me?

Experience
What experience and responsibilities would qualify a candidate? Consider the number of years spent working in an industry as well as experience in specific roles.

Education
What education level is required of the job? Are certain licenses/certifications essential or just preferred?

Other Qualifications
What alternatives might be a good substitute for the expected qualifications? (For instance, would years of experience be comparable to the minimum education requirement?)

What other parameters should I consider?

Salary
Money talks! Check out the The Bureau of Labor Statistics (BLS) to determine market rate for the position before working out a suitable range.

Travel
Does this position involve travel? How frequently and what does it entail? This might be seen as a huge perk for some people, but a total inconvenience for others.

Benefits
Sell the benefits your company offers. This can make the position attractive to candidates by showing you care about their welfare and satisfaction both in and outside of work.

The biggest mistake business owners make? A must-have list no candidate can match. Decide what’s required and what’s nice-to-have.
Write a Job Description

Now that you’re clear about the essential job functions, the responsibilities of the role and the type of employees who will be qualified, it’s time to pull all the information together and pen your comprehensive job description. Keep it to one clear and concise paragraph which will form the bulk of your job posting.

Tell the world you’re ready to hire.

Write a Job Description
Writing not your strong suit? Read this article to improve your skills: Why Many Job Postings Miss The Mark – And How To Improve Them.

Post It Up!
Tell your family, friends and customers that you’re hiring. Also be sure to get the word out online using your website, social media, and job posting websites.
Up Next: The Hiring Process

Now that you have a solid grasp of who and what you need to help your business grow and succeed, it's time to find the right employee to fill the position. Check out the next section, and you'll have qualified candidates knocking at your door in no time.
Part Two

The Hiring Process

A company is only as good as the people who underpin it. This chapter will walk you through the process of finding the right employee — from where to advertise to conducting job-related background checks — as well as provide you with some DOs and DONTs to keep in mind along the way.

Now dive in, and get ready to grow!
Post Your Job

Ready to pen that all important job advertisement? Read on for pointers on what to include beyond the role specifications and candidate requirements...
Be thorough but concise (if possible) and include the following:

**Brief Company Description**
Describe your industry, products and services, as well as the mission and goals of your company. This is also the space to outline company perks and benefits to maximize appeal.

**Qualifications, Essential Functions, Education and Skills**
Be specific about these up front and you’ll weed out some less appropriate candidates.

**Specify Selection Requirements**
Outline any pre-employment screening requirements such as drug screens or criminal background checks, and ensure they are consistent with applicable federal, state and local rules.

**An “Equal Opportunity Employer” Statement**
Demonstrate you don’t discriminate on the basis of any characteristics that are protected by law.

**Salary Range**
Ask applicants to include their earning expectations or indicate a salary range for the position. Be aware of certain jurisdictions that restrict salary history inquiries.

**Location**
Commute time can be a deal breaker for some, so be specific about the location of your business.

The goal is to briefly describe the benefits of working for your company and to clearly and accurately state job requirements. This can help limit applicants to those who are truly qualified for the position.
Target the Right People

How do you get your job ad in front of the right pairs of eyes? You’ll need a medium that hits multiple groups of candidates. For example, a college graduate looking for an entry-level position might job hunt in a very different way than somebody with 20 years of experience.
Here are a few ways to **get the word out**:

**Online Advertising**
A cheap (or sometimes free) way to reach a wide audience of job seekers.

**Other Niche Outlets**
Recruitment posters; ads in community bulletins or newsletters; vocational-rehabilitation agencies; National Urban League, Private Industry Council, Business Alliance, Job Corps, local chambers of commerce, etc.

**Newspaper Advertising**
Newspaper ads are limited in terms of word count and geographic span. They’re best used for: manual, administrative, entry-level, or local positions.

**Staffing Agencies**
Great when you don’t have the time or resources to do your own recruiting, need to hire for a highly specialized position, or are seeking temporary employees.

**Trade Journals**
Best for vocational or specialized skills, such as medical or technical positions.

**Professional Associations**
Zero in on the specialty and level of experience you’re seeking by contacting professional associations (or alumni associations).

**Career Fairs & College Career Centers**
Meeting people face-to-face is a great way to judge whether they might be a good fit from the get go.
Identify Qualified Candidates

You’ve posted the job ad. If you receive an influx of resumés, you’ll want to establish a screening process to help you find the most qualified people. If you didn’t get many or any candidates, take another look at your requirements and the places you advertised.

Narrowing down your pool of candidates:

Pre-screenings
Depending on the role, pre-screening may include, but is not limited to:
- Pre-screening questions
- Reviewing resumes
- Reviewing application forms
- Pre-employment tests

Pre-screening questions can be an effective tool for weeding out unqualified candidates. By having candidates answer job-related pre-screening questions prior to an interview, it can help you better assess whether they have the minimum qualifications required to perform the job. Pre-screening questions should be tailored to the role.

Reviewing Resumés & Application Forms
Resumés are a valuable tool for assessing a candidate’s qualifications and experience. Employment applications provide a standardized way to gather information like employment and education history.
Interview Promising Prospects

You’ve narrowed it down to a handful of promising potentials. Now it’s time to see if they shine at the interview stage.

Choose an interview style that works best for you:

**Phone Interviews**
You may decide to set up phone interviews prior to in-person meetings to get additional information about candidates whose applications suggest they might meet the requirements for the position.

**Video Interviews**
Video interviews are a great way to “meet” a candidate if a face-to-face interview is difficult for geographical reasons.

**In-person Interviews**
Invite candidates to visit the business and meet you in person.
Interview Tips

Prepare
Set aside adequate time prior to the interview to review the candidate’s application. Use it to prepare a list of relevant interview questions.

Be consistent
Consistency is important for demonstrating that your interview process is applied fairly. Come up with a core set of questions and stick to them.

Ask only job-related questions
Federal, state, and local laws protect employees and job applicants from discrimination on the basis of, among other things, race, color, religion, sex, national origin, age, disability, genetic information, and military status.

Consider behavioral-based questioning
It’s always a good plan to quiz candidates on how they’ve handled a specific work situation in the past (one they might encounter working for you). Ask them to outline the issue, their actions and the resolution for a snapshot of their character and competency.

Take notes
Take notes during the interview. They’ll come in handy later when you review candidates and make your final decision.

Three things to remember when recruiting candidates:

Keep notes
Don’t forget to keep notes on each candidate, including their skills, experience, interview responses, and other job-related information and factors that were discussed.

Ensure consistency
All applicants for a given position should be subject to the same set of requirements. Not only will this allow you to make valid comparisons, it will also help demonstrate fairness.

Avoid questions that may reveal a candidate’s protected class
Review your interview and application questions in order to ensure they don’t cause candidates to reveal protected characteristics such as:

- Age
- Race
- National origin
- Disability
- Marital/family status
- Religion
- Military status
Extend an Offer (Woohoo!)

You’ve met the candidates. Now it’s time to make your decision.
Reviewing and selecting your top candidate:

What to Consider

- Which ones meet the parameters of the job — best?
- Who is most qualified for the position in terms of experience and skill set?
- Which candidate will fit in best with your vision for the company and its culture?

Developing a Written Offer

Made your decision?
Now extend an offer, starting with a phone call followed by a letter outlining:

- Job title
- Pay
- Expected start date
- Supervisor
- Brief summary of benefits
- Employment at-will relationship (recognized in all states except Montana)
- The contingent nature of the offer

Once the applicant accepts and successfully completes any background and/or reference checks, the orientation process can begin!

Sending Rejection Letters

With the selection of one candidate comes the rejection of many others. Send them a letter to thank them for their interest and wish them luck in their continued job search.

Equal Employment Opportunity laws, including Title VII of the Civil Rights Act and the Americans with Disabilities Act, require employers to retain resumés and employment applications for at least one year.
Conduct Background Checks and References

Depending on the position, reference checks and/or background checks may be an important part of the hiring process.
Reference Checks

Candidates should provide a list of at least three references for example, current or former supervisors or managers who can attest to their work experience and skills.

Decide when to check references
It is generally considered best practice to wait until you have extended a conditional offer of employment and completed any applicable background checks before conducting reference checks.

Obtain authorization
Obtain authorization from the applicant to contact their former employer(s).

Decide what information to seek
Many employers use reference checks simply to verify information provided in employment applications, resumés, and interviews.

Seek job-related information
Whatever information you seek, make sure it is job-related and that you are consistent in your questions.

Talk with the reference directly
In general, it is a best practice to contact the reference directly via phone, even if a job candidate provides a letter from the reference.

Document
Like all other aspects of the hiring process, employers should retain records supporting their decision.

Background Checks

Depending on your industry and the nature of the position you might want to complete a background check to evaluate an employee’s work, education experience, criminal records, and driving records. However, laws set limits on obtaining and using background check information to make employment decisions in order to prevent discrimination and protect individuals’ privacy.

In general, employers are required to:

- Notify the individual, in writing, that a background check will be conducted for employment purposes. The notice must be a separate document from the application form.
- Obtain the individual’s written authorization.
- To the extent you are using a 3rd party to conduct these checks, you must:
  - Notify the applicant or employee and obtained their permission;
  - Comply with all of Fair Credit Reporting Act (FCRA) requirements; and
  - Not discriminate against the applicant or employee or otherwise misuse the information.

There are additional requirements that govern the background screening process and many state and local jurisdictions have passed laws requiring employers to wait until the applicant has completed certain pre-employment steps before conducting background checks, such as, after making a conditional offer of employment. Further, some laws limit the type of information that can be sought.
Up Next: On-Boarding Your First Employee

Congratulations! Your candidate accepted the offer and you’re ready to roll. Well, almost. There are still a few more items to consider before it’s all official. Check out the next section, and you’ll be ready to hire the first member of your future dream team.
Part Three

On-Boarding Your First Employee

You’ve secured your all-star employee (way to go!) But before they start work a bit of housekeeping will help make sure you’re in compliance.

This step-by-step chapter will help you adequately prepare your business for growth. Once you’ve checked all the boxes, it’s time to roll out the welcome mat!
Apply for Your EIN

Number one on your to-do list: Apply for an Employer Identification Number (EIN), if you didn’t already do so while you were incorporating your business. An EIN is needed for tax administration purposes and is very easy to get: simply fill out this [online form](#) on the IRS website and get an instant confirmation.
In preparation for your new employee’s start date:

You’ll want them to fill out a Form W-4, which determines tax withholdings. Prior to completing the form, direct them to the IRS Withholding Calculator, which will ensure they’re not paying too much or too little each year.

You will also have to handle social security and Medicare taxes — deducting your employee’s contributions from their wages and paying the employer’s share yourself. Work out the amount you should be withholding for social security and Medicare taxes by multiplying each payment by the employee tax rate.

For more information on the wage base limit, withholding thresholds, allowances and this year’s rates, visit this handy page on the IRS website.

Take the stress out of employment taxes

Taxes are perhaps the most tedious and time-consuming part of hiring an employee. They’re complicated and carry a high level of risk if you get them wrong. The good news is ADP® payroll and HR solutions come complete with tax services — so you can get back to work without the worry of how your taxes will be handled.
Create an Employee Handbook

An employee handbook is a tool used for communicating information to employees. Whether written or not, you probably already have policies and procedures in mind that you would like to govern or guide your business. Creating a handbook serves as a way of formalizing those policies so that everyone on your team is on the same page.
Why you need one

From a company culture point of view, an employee handbook is a great way to inform all your workers about the company’s rules and priorities, what they can expect from you, and what you expect from them in return.

Generally, employee handbooks:

- Inform employees of their at-will status* (i.e., both the employee and employer may terminate the employment relationship at any time, for any reason as long as the reason is a lawful one)
- Provide employees with information regarding company benefits and eligibility requirements
- Provide employees with general information regarding company history, mission, and goals
- Serve as a means of orienting new employees to the company, helping new hires to better understand organization’s operations and structure
- Meet certain requirements that specific employment-related information be provided to employees in writing, such as information on paydays, anti-harassment, and equal employment opportunities

Why you want one

It’s not all checking boxes.

Employee handbooks are also great for:

Selling the organization to employees
The handbook provides information about what your company offers to team members. A description of available benefits can be a powerful motivator and an effective tool for attracting employees and keeping them satisfied.

Saving time
A well-prepared handbook can answer many of your employees’ routine questions — something that can be super helpful as you grow even more.

Demonstrating consistency
Published rules and policies can reassure employees that everyone is treated fairly and consistently.

Setting performance and conduct expectations
Written policies can help ensure that all employees are aware of company expectations regarding performance and conduct.
How to get started:

It’s important to develop an employee handbook that reflects your company and culture specifically, but there are some general guidelines to follow from a best practice standpoint. At a high level your employee handbook should include a blend of relevant federal, state and local employment laws and integral company policies...

Such As:

- Equal employment and non-discrimination policies
- Workers’ compensation policy
- Family and Medical Leave
- Drug and Alcohol Use
- Paid Time Off policy
- Confidentiality policy
- Personal Appearance policy
- Meal and Break Periods
- Payment structure and schedule
- Benefits overview
- Complaint procedure (should one of your employees wish to lodge an official complaint about a supervisor or other staff member)
- Standard of Conduct
Obtain Workers' Compensation Insurance

Once you hire somebody, you will be responsible for their safety and well-being in the workplace and on the job. Workers’ compensation insurance will cover medical, rehabilitation and lost wages should the worst happen on the job.

Workers' Comp Q&A

**When do I need to buy workers’ compensation insurance?**
In most states, workers' compensation insurance is required for companies with one or more employees. States typically enforce stiff penalties for employers who do not purchase workers' compensation insurance.

**How much does workers’ compensation insurance cost?**
Workers' compensation insurance pricing is based on: your payroll, the number and job classifications of the employees, classification of your business and past loss experience.

**What does workers’ compensation insurance do?**
Workers' compensation insurance pays for the rehabilitation, recovery or medical bills of employees' work-related injuries, as well as lost time due to a work-related injury. Workers’ compensation insurance is not a substitute for health or medical insurance — employees are only covered for on-the-job injuries.
Display Workplace Posters

The Department of Labor (DOL) and state and local labor departments, require that U.S. businesses display workplace posters. Not all will be relevant to your business, but failure to display the correct ones could result in citation and/or a penalty.

Visit the Department of Labor website or use the DOL’s FirstStep Poster Advisor tool to help meet compliance requirements.
Set Up Record Storage and Plan for Recordkeeping

Recordkeeping is an essential component of a well-run business. Do it right, and you can effectively track the growth and progress of your company, keep track of expenses, and support your annual tax return.

Step 6

Here’s a basic idea of what you should keep on file:

- **Gross Receipts**: Income from your business
- **Expense Receipts**: Any costs you incur
- **Purchases**: Records of items you buy and resell to customers, if relevant
- **Assets**: Property you own and use in your business, like machinery or furniture
- **Employment Taxes**: For example amounts and dates of employee wage, annuity, and pension payments
For payroll you should also have the following for each employee:

- Name, date of birth
- Occupation
- Workweek Days
- Regular pay rate and exclusions for overtime
- Hours worked
- Straight-time earnings and other rates of pay
- Overtime pay
- Deductions from and additions to wages
- Pay period covered
- Pay dates
- Wages paid by pay period
- Retroactive payment
- Paid time off
- Payroll certificates, union agreements and benefit plan documents

Overwhelmed? Or just plain bored?

We get it. You didn’t start your business to be a HR, payroll and tax pro. That’s why businesses partner with ADP TotalSource® — a one-stop solution for HR, payroll, tax, record-keeping, employee benefits, hiring and more.

Designed with business owners in mind, our cloud-based payroll, tax and HR platform makes expanding your team a stress-free, streamlined process. And if you need advice or a helping hand along the way, our dedicated experts are available to help.

Are you ready? Let’s get started.
Congratulations! You've officially taken your business to the next level.

It’s an exciting moment in your company’s story, but it also means you have more administrative responsibilities and requirements than ever. From payroll and tax filing to Human Resources and benefits, you have a lot to think about. But don’t worry, ADP is here to help every step of the way.
ADP TotalSource helps thousands of business owners find, hire, pay, and develop employees. And we help keep your business in compliance and protected from workplace risks.

For more information:
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