

A photograph of two women in an office environment. The woman on the left is a Black woman with short dark hair, wearing a grey button-down shirt, resting her chin on her hand and looking at a laptop. The woman on the right is a white woman with her hair in a bun, wearing a white button-down shirt, also looking at the laptop. The background is a bright office with windows. A purple geometric pattern is overlaid on the bottom half of the image.

How to Make Your First Hire

Small Business Guidebook

Compliments of ADP® and:



A more human resource.™

If growth is a goal for your small 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 first 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!





Step 1 **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

Part-time employees normally work less than 30 hours per week and may be 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. Temporary employees are generally not eligible for company benefits.



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 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, see the [Department of Labor's six-part test](#).

Step 2

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.





Step 3

Understand the Requirements of the Job

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.

Step 4

Write a Job Description

Now you're clear about the responsibilities of the role and the type of employee who will be qualified to fulfill it, 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? Give our [Job Description Wizard](#) a whirl.

Post it up!

With our small business payroll + HR solution, [RUN Powered by ADP®](#), you can post jobs to multiple boards and social media sites in one click and easily manage candidates with a built-in applicant tracking system that helps you quickly identify top candidates based on your search.

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 writing an effective job description 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!



Step 1

Post Your Job

Ready to pen that all important job description? 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, 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.



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.



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.



Step 2 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, 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

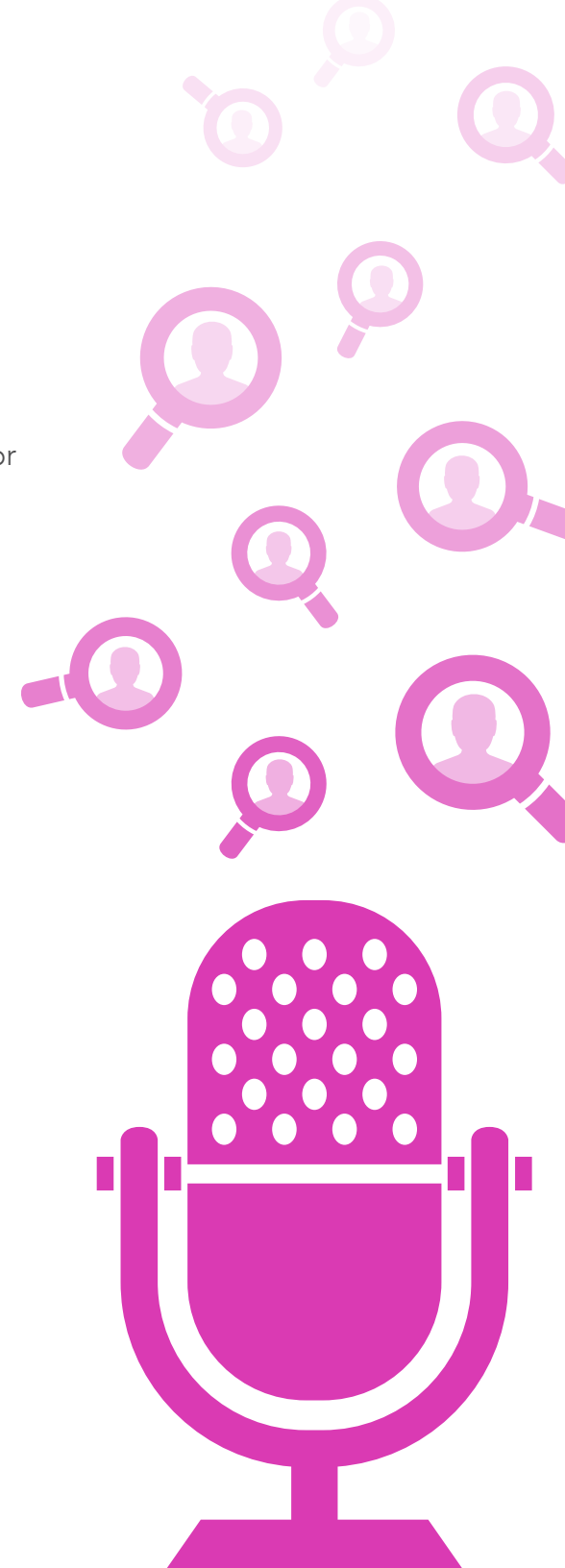
Best for vocational or specialized skills, for example medical or technical positions.

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.



Step 3

Identify Qualified Candidates

You've posted the job ad, now prepare for the influx of resumés. It can be overwhelming to sift through the deluge, so establish a screening process to help.



Certain screening tools have the potential to reveal protected class information. Be mindful of applicable federal, state and local anti-discrimination laws as you implement your screening tools and review responses.

Narrowing down your pool of candidates:

Pre-screening

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 history and education history.

Step 4

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 his or her 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 make sure they do not allude to the following:

- Age
- Race
- National origin
- Disability
- Marital/family status
- Religion
- Military status



Step 5

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** — salary, location, start date — 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 an official letter outlining:

- Job title
- Pay
- 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, 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, requires employers to retain resumes and employment applications for at least one year.



Step 6

Conduct Background Checks & 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** on their application form, 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 before conducting reference checks.

Obtain authorization

Obtain authorization from the applicant to contact their former employer.

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.**
- **Provide certification to the Consumer Reporting Agency that you:**
 - Notified the applicant or employee and obtained their permission;
 - Complied with all of Fair Credit Reporting Act (FCRA) requirements; and
 - Will 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. 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!





Step 1

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.

Step 2

Figure Out Federal & State Requirements for Withholding Taxes

With the hiring of your new employee comes tax, social security and Medicare payment responsibilities. Getting everything in order ahead of their start date will help you stay compliant.

In **preparation** for your new employee's start date:

You'll want him or her to fill out a W-4 form, 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 our payroll solution for small businesses, **RUN Powered by ADP®**, comes complete with tax services — so you can get back to work without the worry of penalties.



Step 3

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 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:

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

Quickly Create and customize your Employee Handbook.

Cultivate a trusting and transparent working environment for your employees with the help of **ADP's Employee Handbook Wizard**.



Step 4

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.



Step 5

Display Workplace Posters

The Department of Labor (DOL) requires that U.S. business 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 ensure you're in compliance.

Step 6

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.

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, gender
- Occupation
- Workweek Days
- Regular pay rate and exclusions for overtime
- Hours worked
- Straight-time earnings
- Weekly overtime pay
- Deductions from and additions to wages
- Pay period covered
- Pay dates
- Wages paid by pay period
- Retroactive payment
- 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 payroll and tax pro. That's why we created **RUN Powered by ADP®** — a one-stop solution for payroll, tax, record-keeping and more. Designed with small 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 experts are available 24/7 to help.

**Ready to RUN?
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 helps more than 425,000 small businesses do their thing.

For more information, speak with your CPA or Accounting partner.

www.adp.com/solutions/small-business



A more human resource.™

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