

HOW TO USE THIS MANUAL

If you are the HR manager of a community bank, and the assignment doesn't frighten you, then it is possible that you do not fully comprehend the immensity of the responsibilities inherent in your position. There are risks that come with this job, but more importantly there is a great amount of good you can do for the bank and its employees. In this manual, we cover the risks associated with the HR management job; then we lead you step-by-step through the things you can do to help the bank maximize its return from human resources, while treating its people with dignity and respect. And last but not least, through updates to the manual we will keep you in regulatory compliance.

When a bank is small, usually there is no human resources (HR) manager and little attention is paid to HR. As the bank grows, one of the bank's officers assumes the additional duty of being the bank's HR manager. Rarely is this person trained in HR. More often than not, the HR manager is a banker everyone likes and respects (usually someone with a bank operations background).

Not one community bank in 50 has a professional HR person on staff. Yet this is a specialty that needs to be performed professionally; hence the need for this book. This manual was written to help the people involved in HR management and administration perform their duties correctly. The *Community Bank Human Resources Management* manual is divided into five distinct parts.

MODEL HUMAN RESOURCES POLICY MANUAL

This model policy manual is presented first because it contains material that will help you get your HR management program up and running quickly. It also contains HR model forms that you can customize. This model human resources policy manual was field-tested for about three years, without difficulty, in a \$180 million community bank. In this bank, the senior administrative officer, using policies established by an HR policy committee, had HR oversight responsibilities as an additional duty. The HR committee consisted of the president, the executive vice president, and the senior administrative officer and met only when there were HR issues that needed to be resolved by an executive decision.

The HR department consisted of a junior officer who reported to the senior administrative officer. This person's title was HR manager. HR was her primary duty but she spent about 50 percent of her time performing other duties required of her by the bank's senior administrative officer. This junior officer had no formal training in HR and had been with the bank for six years. She started as a teller; then served in several customer contact positions before being promoted to junior officer status. A clerk in the accounting department handled the payroll on a part-time basis. The HR manager shared an administrative assistant with the senior administrator and one other officer. This was the staffing of the bank's HR department. This bank had excellent morale, and the president told us he was pleased with the way human resources were being managed at his bank.

We recommend that you use our model as the point of departure for preparing an HR manual for your bank. This is by far the easiest and best way to get an HR policy manual in place in your bank. Note, however, that over-reliance on our material could cause problems. First, our model has not been validated by legal action, so it is not a guarantee against future problems. But more worrisome: *A bank's HR policy manual is an informal contract!* Once adopted as the bank's manual, it must be followed, for in the eyes of employees it is a contract the bank must follow; else serious morale problems are unavoidable. You must be sure you have this informal contract right before you put it in the hands of your employees. An employee manual that contains provisions that are not followed by the bank is an open invitation to serious legal problems. So use our manual as your point of departure, but be sure you have changed it so that it fits your bank before publishing it as your bank's HR policy manual.

HUMAN RESOURCES MANAGEMENT

In the second part we have placed the desk reference portion of the manual. Here we discuss how an HR manager goes about organizing and managing an HR department in a community bank. The first chapter is built around a model job description for an HR manager, then it presents model job descriptions for all bank employees. The second chapter discusses how to manage the bank's corporate culture. This is followed by material on how to recruit and select the right people to work at the bank. Employee motivation is covered in a discrete chapter.

There is a lengthy chapter on salary administration. It gives instructions on how to develop job descriptions, how to classify jobs for salary administration purposes, how to establish salary ranges, and how to change salaries annually. Following the chapter on salary administration is a chapter with instructions on how to handle problem employees, and another devoted to employee appraisal systems.

EMPLOYEE BENEFITS MANAGEMENT

Any efficient employee benefits program should be developed around Social Security, Medicare, and Workers' Compensation. To do otherwise is to duplicate legally required benefits at considerable expense to the bank. For this reason, this part begins with a chapter on Social Security, Medicare, and Workers' Compensation. After establishing this background there is a chapter on medical/health-care benefits, and a chapter that discusses issues involved in employee pension programs, as well as several optional benefits the bank may wish to include in its employee benefits package.

HUMAN RESOURCES COMPLIANCE MANAGEMENT

This chapter covers HR compliance issues, with a complete section discussing all HR management legal requirements established by federal law.

TRAINING AND HUMAN RESOURCES DEVELOPMENT

The chapters in this part were written for the HR manager and contain a copious amount of training material for supervisors. These chapters were written from the perspective of the HR department as well as a supervisor of a bank department. They also instruct the supervisor on how to maximize the performance of the people assigned to a department, how to delegate responsibilities to subordinates, how to empower bank employees, and how to effectively set goals for the bank, its departments, and its employees.

One of the more important chapters in this part and in the manual is a model customer relations handbook. This chapter is followed by a chapter on how to render quality service to customers. After you have revised these two chapters to fit your needs, you should use them as training manuals and then give each employee a copy for permanent retention. There is a similar chapter that is a teller training manual. It should prove to be extremely useful.

TWO STEPS THAT WILL HELP YOU WITH YOUR HR DUTIES

Since the goal of our manual is to help you with your HR duties, we will do our part to that end, but there are two things you must do. First, you must stay current with what is going on in HR, and second, you must use our manual only as a guide. We need to expand on these two points.

1. *Stay Current.* You and others involved in HR need to establish techniques to stay up-to-date on various changes in federal and state regulations affecting employment practices. We will send you a newsletter and white papers, as well as changes to your manual that are based on

federal laws and regulations, but we have no sources regarding changes to state law. Our newsletter and white papers will be very helpful, but staying current is a serious responsibility that you and your people must fulfill directly. This responsibility cannot be delegated to us or to anyone else. State banking associations monitor state developments closely and the bank's law firm needs to be on the alert for changes in state law that might impact the bank in the area of HR management.

2. *Use Our Manual as a Guide.* Think of this manual as a point of departure for developing your bank's HR policies and procedures. Nothing in the manual can be placed into service as is. The manual is a reference book. In particular, the following points should be considered as you use our manual to develop HR policies and procedures for your bank:
 - *Insurance.* The insurance eligibility and coverage for your bank depends on your bank's specific insurance policies. The material in this manual must be rewritten to agree with your bank's insurance coverage.
 - *Hiring and Termination.* If you publish our model materials as your policies, they must be followed to the letter. If you publish these materials and then do not follow them, you open the door to serious discrimination problems and complaints. Also, your state's laws concerning termination of employment may dictate changes that must be made. For your protection, disciplinary or termination procedures you devise should be documented and kept in the bank's permanent records. They may need the approval of the bank's law firm.
 - *Compensation Policy.* The *Community Bank Human Resources Management* manual assumes the existence of a formal salary administration system. If your bank does not have such a system, we suggest you use the material in the manual to develop one. Significant portions of our model HR manual cannot be implemented without a compensation system in place.
 - *State Law.* Applicable state laws may contradict our model HR manual. Before putting your HR policy manual into effect, your bank's legal counsel should review it and compare it to applicable state law.

THE COMPANION CD

The companion CD for this product provides helpful tools in the form of "Additional Resources" to help you with your everyday banking needs.

To access these helpful tools click on the "Additional Resources" button of your CDs' opening screen where you will be directed to a list of folders containing dozens of ready-to-use items including:

- Example Bank Documents
- HR Management Forms
- Job Descriptions

You will also find a PDF of the manual that can be quickly searched for guidance on issues that come up in your daily responsibilities, whether at your desk or out of the bank. These additional components of our service offer you more options in using the manual information and can easily be copied to your harddrive or laptop.