



Lab[®]

Best Practice Guide

Creating Company Policies

A Company Policy is a documented set of basic principles and associated guidelines, formulated and enforced by the governing body or an assigned committee of an organization that direct and limit a company's decisions and actions in pursuit of its objectives.

Why Create Company Policies?

Company policies can be simple to write and implement, while adding structure to the great things you are already doing. These policies can benefit companies of all sizes.

Specifically, company policies:

- Drive strategic planning, and help set expectations and performance objectives
- Lead to more efficient internal operations
- Engage and align the values of stakeholders; and build mutual understanding of expectations and challenges
- Ensure accountability
- Create transparency
- Promote ethical and responsible decision-making
- Assess and mitigate risk
- Streamline new staff orientation; having established written policies that staff can refer to creates consistency, clarity, and provides an understanding of the goals and culture of the company
- Result in time savings: proactively thinking about how specific situations and issues will be handled eliminates having to discuss and debate how to handle issues every time they come to the forefront
- Meet legal requirements: some laws require employers to adopt certain policies to guide the actions of their staff and management. Example: Discrimination/ Harassment Policy

Some companies face institutional voids given the nature of public and private development in their local environment. These companies attempt to cope by developing company policies which includes internal organizational mechanisms to establish standards and consistent expectations.

What Makes a Good Policy

Company policies are most effective as official written documents. While policies often differ in form depending on company size, industry, and length of time in business, policy documents generally contain certain standard components including:

Purpose Statement

Outlining why the organization is issuing the policy, and what the desired effect or outcome of the policy is.

Specifications

Including statements indicating the specific regulations, requirements, and organizational behavior that the policy is creating.

Implementation

Indicating who within the organization is responsible for carrying out individual policy statements and how policy adherence will be ensured.

Effective Date

Which indicates when the policy is considered in force (an executive signature or endorsement can be useful to legitimize the policy)

Applicability and Scope Statement

Describing whom the policy effects and which actions are impacted by the policy.

Background

Indicating any reasons, history, and intent that led to the creation of the policy, which may be listed as motivating factors.

Definitions

Providing clear definitions for terms and concepts found in the policy document.

Policy Implementation

When implementing a policy, consider the following suggestions. Depending on the extensiveness of the policy and/or the size of your business, some of these steps may not be necessary or applicable.

Setting up a committee/working group

Setting up and engaging the correct people to devise (and oversee) the policy is essential to the success of the planning and implementation.

Consult Stakeholders

Consult employees, board, and other stakeholders who will be affected by the policy about policy inclusions, how the policy will be implemented, and assistance offered throughout the development and implementation stages. This can be done via surveys/questionnaires, emails and team meetings.

Devise Draft Policy

Circulate. Revise as necessary

Are you a small business owner?

Writing and implementing your company policies does not necessarily need to be a long, elaborate process. You can make do with something simpler – even a one- or two-page fact sheet produced on your computer. While keeping it simple, ensure the following:

- Ensure senior management is involved and consults employees
- Informal communication is cheaper, and often times more efficient in a small organization
- Once formulated, display it somewhere all employees have access to
- Employee buy-in can be used to ensure monitoring and effective implementation

Have Policies Reviewed for Legal Accuracy

You may want to have policies reviewed to make sure they are not requiring or prohibiting something that would violate the law.

Conduct a Board Vote

If a board of directors or advisory board exists, hold a board vote on the new company policy.

Set Policy Implementation Date

Once the policy has been amended and agreed upon, designate an implementation date, sign, and then promote.

Monitor and Review

The staff responsible for monitoring the policy must ensure adherence to the policy. It is good practice to review the policy at two yearly intervals.

Consider Creating and Distributing a Policy Manual

Keeping all of your policies in one place makes them easy to refer to and review. Copies should be provided to all members of an organization, along with applicable stakeholders.

Endnotes:

1 <http://www.smetoolkit.org/>



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