

# BUSINESS FREEDOM 365

Month Five, Week Three:  
Recruiting, Interviewing,  
Hiring And Retaining

Topic

How to protect against  
employee lawsuits

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## It's Just A Fact That Any Employer With Employees Is At Risk From Get Sued

It happens, and in the case of many countries around the world, the courts and employment tribunals lean in favor of employees. So, when we start a business, and let employees in, we open ourselves to a certain amount of risk.

**This week we're going to mitigate that risk, and if you follow the steps below, you will NEVER be sued for a frivolous cause again, or, on the off chance you do, you won't lose.**

Now it's a known fact that the court systems all around the world are seen by employers as unfair or unjust because they lean in the direction of the employee. It is the employer's job to document the relationship they have with any employee and without this proper documentation or evidence, if it goes to court and its your word against theirs, the courts will rule in favor of the employee almost every time.

The massive unexpected, and unpredictable expense of taking on and then paying out a lawsuit is the kind of expense that could be big enough to threaten your business all together.

### So let's begin...

There are two primary reasons that an employer would lose a lawsuit to an employee.

1. The courts in general will side towards the employee in the absence of evidence
2. The employers didn't do things properly. They didn't set up the necessary systems to protect themselves.

**These systems won't protect you from assault or harassment or anything like that, but it will protect you from frivolous lawsuits where you did nothing wrong.**

## Here's how it's going to work...

Create a really good employee filing system

**Step One:** Grab the template from the membership, and staple it into a file folder.

The template will have a place for your employees name, contact information, start date, position and so on. Below it will have a log, with a space for time, and for notes. This is so you can log your history with that employee.

**Step Two:** After your new employee's been hired, log any interaction, training or onboarding that is done with them along the way. Such as:

1. When they come in for their induction you write down the date, who they were inducted by, and the signature of the person who inducted them
2. If you send them for training, you put that in the file, when it happened, and what training
  - a. If they received a certificate of some sort, copy the certificate, and put it in the file
3. While they're working, if they do something wrong such as show up late, then you take out the folder, write down the date and what they did wrong, and you initial it
4. If you need to have a corrective conversation with them, you write down why, and book a meeting with them. After or maybe even during that meeting, write down what was said, the date and initial it, and when necessary you may want to have them initial it as well.

The main idea is that you are documenting the relationship, that they were hired correctly, they were inducted correctly, they were trained effectively, they have been corrected when needed, and they have been given every possibility to succeed.

This log stays in the file, along with any other paperwork, emails, conversations or documents that you feel are necessary to record this relationship.

**Step Three:** In the event that you have let an employee go and a lawsuit has come up against you.

After reviewing the merits of the case, if the grounds for the suit are unreasonable, your going to go to court with that employee file in hand. In fact having this file can even prevent you for having to go to court, if you send in a copy ahead of time for review.

Then you end up needing to go to court, **bring two or three other files with you.** The judge may suspect that you fabricated the file just for that specific case, but if you have others, then you can prove otherwise.

If you build your employee files this way and track their whole employment history with you. When you walk into court, it's no longer he said, she said. The judge will see that you are a model employer, that you have the evidence to back up your employee's history and they will side with you.

The key is to make sure you have the backup to demonstrate that you provided good training, good opportunities for correction, chances for advancement of employment, etc.

## For your homework this week...

- Get a file folder
- Print off the template provided on the membership site
- Fill out at least one employee file for your records. If you are the only one in your team, then make one for yourself, just to get in the habit.

If you want to go the extra mile, you can do one once a day over the next week, or if you want to take it a step further you can do your whole company all at once.

## EXAMPLE TEMPLATE

### Employee Personnel File

|                    |  |                        |  |
|--------------------|--|------------------------|--|
| Full Name:         |  | Home Phone:            |  |
| Date of Birth:     |  | Mobile Phone:          |  |
| SSN:               |  | Personal Email:        |  |
| Home Address:      |  |                        |  |
| Emergency Contact: |  | Emergency Contact Tel: |  |

### Employment History Log

| Date | Description   | Initials |
|------|---|----------|
|      | <i>Employee file created</i>                                    |          |
|      | <i>New employee welcome meeting / culture meeting completed</i> |          |
|      | <i>IT Department: Email account created &amp; set up</i>        |          |
|      | <i>IT Department: Phone extension created</i>                   |          |
|      | <i>Marketing: Business cards ordered</i>                        |          |
|      | <i>HR: Health and Safety interview and tour complete</i>        |          |

### Personnel File

| Date | Description | Initials |
|------|-------------|----------|
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