

# 5 COMMON HR MISTAKES SMALL BUSINESSES MAKE

## (AND HOW TO AVOID THEM)

When you're running a small business, getting HR wrong can be costly. Yet these five missteps crop up regularly, regardless of industry.

These aren't about being careless, they're usually down to a lack of time or knowing what's required. But with a few simple changes, you can avoid the common traps and protect your business from risk.

Let's look at the top 5 HR mistakes we see - and how to fix them before they become a problem.



# MISTAKE #1: USING GENERIC CONTRACTS (OR NONE AT ALL)

Contracts can feel formal or over-the-top, especially in a small, close-knit team. But they're not just paperwork, they're legal protection, for both you and your employee.

Even if someone works one shift a week, or only helps during the summer, or is under 18, you still need a written statement of their employment terms. That's the law. And more than that, it helps set expectations from day one.

Many businesses turn to Google for contracts, but templates might be:

- Not aligned with UK employment law
- Outdated or overly generic
- Missing key details such as how part-year holiday is calculated or what happens at the end of employment.

Things to consider:

- Does the contract explain how you handle bank holidays, entitlement reflect your real approach, including part-year calculations?
- Are your working hours and rest breaks compliant with the law?
- Do post-termination restrictions apply, and are they tailored to the role?

**Fix:** Get contracts tailored to your business and the actual work your people do. You don't need 50 pages, just clear, accurate documents that reflect your real terms and keep you compliant.



# MISTAKE #2: POOR OR NON-EXISTENT ONBOARDING

You've spent time and money hiring someone, so don't waste it by leaving them to muddle through alone.

We often hear things like: "We're small, we don't need a formal onboarding process." But even the most capable new hires will take longer to settle in, get frustrated more easily, or disengage if they feel unsupported.

With onboarding:

- You get quicker ramp-up
- Fewer questions and repeat explanations
- A confident, happy new hire who feels part of something

**Fix:** Create a simple, consistent onboarding experience:

- A welcome email with their start time, what to expect on day one, and what to bring
- Setting up their email, equipment, and logins in advance
- A short introduction to the team and your values or company story
- Regular check ins

It doesn't have to be fancy - just consistent and human.

# MISTAKE #3: AVOIDING PERFORMANCE CONVERSATIONS

"They'll figure it out eventually..." "It feels awkward to bring it up..." "I'm too busy to have the conversation this week..." Sound familiar?

But ignoring performance issues rarely makes them disappear. Avoiding performance discussions - especially when something's not going well - only delays the inevitable. Problems rarely fix themselves. They usually get worse, spread negativity to the rest of the team, or damage client relationships.

Managers need to be prepared to have honest, timely conversations - even when they're tough.

**Fix:** Make performance conversations part of how you work, not a last resort.

- Schedule monthly or quarterly one-to-ones, even if they're just 20 minutes
- Ask open questions like:
  - "What's going well?"*
  - "What's getting in the way?"*
  - "What would help you perform at your best?"*
- Take brief notes from each meeting and keep them on file

This builds accountability, shows you're paying attention, and gives people a chance to improve before formal action is needed.

# MISTAKE #4: FALLING BEHIND ON EMPLOYMENT LAW

Employment law is always changing. Whether it's holiday pay, flexible working rights, or family leave entitlements - small shifts in legislation can catch you out if you're not paying attention.

Many small business owners assume they're covered because they updated their handbook once, or because "that's how we've always done it." But what if your policies are out of date? And do your managers know what's changed?

## **Examples of where things go wrong:**

- Managers telling someone they can't request flexible working when the law says otherwise
- Not realising that holiday pay calculations have changed (especially for variable hours staff)
- Failing to update contracts or policies after changes in statutory leave rights

**Fix:** Keep your business up to date with legislation changes.

- Subscribe to regular updates from a trusted HR source, or partner with an HR consultant who tracks changes for you
- Review your policies at least once a year and update them when laws change
- Train your managers or team leads on key updates so everyone's sharing accurate, consistent information

This keeps you legally safe and builds trust with your employees.

# MISTAKE #5: HIRING ON GUT FEEL ALONE

We all want to work with people we get along with. But gut instinct alone isn't a reliable hiring strategy.

Someone who's friendly, confident, and a great conversationalist can still be a poor fit for the role. Maybe they don't have the technical skills. Maybe they struggle with deadlines or team dynamics. And by the time you find out it's too late.

Why this matters:

- Poor hires are expensive (in time, energy, and training costs)
- Relying on instinct can introduce bias
- It limits your chances of finding genuinely talented people who might not interview well but are excellent performers

**Fix:** Build more structure into your hiring process:

- Write a job description that focuses on what the person will actually be doing day-to-day
- Advertise in more than one place
- Use an interview scoring system to compare candidates based on agreed criteria
- Where possible, include practical tasks, or real world assessments to analyse capability for the role

This ensures you choose people who are right for the role and a great fit for your team.





# GET YOUR PEOPLE PROCESSES RIGHT AND BUILD A STRONGER, SAFER BUSINESS

HR might not be your favourite part of running a business but it's one of the most important.

Getting it right helps you:

- Hire better people
- Build trust and loyalty
- Avoid legal trouble
- Save time and money in the long run

Here's how to stay on the right track:

- Start with the basics. Make sure every employee has a clear, accurate contract and that your key policies are up to date and accessible.
- Build repeatable processes. A simple onboarding checklist, consistent performance conversations, and structured interview templates can make a big difference, especially when your team grows.
- Keep learning and training your team.

Even if you have an HR person or team, consultants can offer fresh perspective, help with complex or one-off issues (like redundancies or restructures), and bring specialised knowledge without the cost of another hire.

If you don't have in-house HR, a consultant can give you access to practical tools, advice, and compliance checks to keep you covered without breaking the budget.

Whatever your size, HR doesn't have to be overwhelming. With the right support and a few good foundations in place, you can avoid the common pitfalls and focus on running your business with confidence.



**“HUMAN RESOURCES  
ISN'T A THING WE DO.  
IT'S THE THING THAT  
RUNS OUR BUSINESS.”**

*Steve Wynn*