A Paper in Human Resource Development

Kristine M. Oddo

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A Paper in Human Resource Development

Abstract
The purpose of this paper is to document the process of a planned organizational change in a startup company through the efforts of an external consultant. This change effort focuses on the development of an employee handbook for an upstate New York Internet startup company and follows the Action Research model for change. Both the company and employee names have been changed to ensure anonymity. Research conducted for this task involved finding the applicable state and federal laws required of employee handbooks through an extensive literature review as well as inputting the policy and procedure information deemed important from ShopAround, Inc. into an actual handbook. Furthermore, this project demonstrates how the government regulations and the policies of a business owner may, at times, conflict.

Document Type
Thesis

Degree Name
MS in Human Resource Development

Department
Education

First Supervisor
Monica Cherry

Second Supervisor
Valerie Cole

Third Supervisor
Marilynn Butler

Subject Categories
Education

This thesis is available at Fisher Digital Publications: https://fisherpub.sjfc.edu/education_ETD_masters/158
St. John Fisher College

The Graduate Human Resource Development Program

in the

School of Adult and Graduate Education

Charting Organizational Change

Through the Action Research Model:

The Development of an

Online Employee Handbook

A Paper in Human Resource Development

By

Kristine M. Oddo

Submitted in Partial Fulfillment
of the Requirements
for the Degree of

Master of Science

May 2001
St. John Fisher College
The Graduate Human Resource Development Program
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ACKNOWLEDGEMENTS

Many things have changed for me since I began the Graduate Human Resource Development Program here at St. John Fisher College. I've had three new jobs, two new addresses and one near-nervous breakdown.

The support that I have received from the following people has been unwavering. They have been my Constants and all of them deserve much more gratitude than these words can convey.

They are:

**James and Anita Oddo**

I love you both. You reached into your bank account so that I could start this program and the end of your patience so that I could finish it. I appreciate that, along with the unconditional love you have shown me, very much.

**Marilynn Butler**

From the beginning of my time at Fisher, you have helped me realize and surpass my own goals and expectations. You have gone from being my teacher, to my mentor, to my friend. Thank you.

**Jennifer, William and Zachary Nunez**

**and all**

**My Friends, Both Near and Far**

You have waited, without complaint, for me to reach this milestone and rejoin the world for 2 years, 4 months and 8 days. But who's counting?

**Daniel Caronna**

The free time that comes with finishing is all the more rewarding because I get to spend it with you. I may have lost my mind a few times during this whole process, but you have always had my heart. I love you.
We approve this paper of Kristine M. Oddo.

Dr. Monica D. Cherry, Ph. D.
Assistant Professor of Economics
St. John Fisher College

Dr. Valerie L. Cole, Ph. D.
Assistant Professor of Psychology
St. John Fisher College

Marilynn N. Butler, Ph. D.
Advisor
Assistant Professor of Human Resource Development
Director / Chair MSHRD
St. John Fisher College
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CHAPTER ONE

Introduction

The purpose of this paper is to document the process of a planned organizational change in a startup company through the efforts of an external consultant. This change effort will focus on the development of an employee handbook for ShopAround Inc., an upstate New York Internet startup company. Research conducted for this task will involve finding the applicable state and federal laws required of employee handbooks as well as inputting the policy and procedure information deemed important from ShopAround, Inc. into an actual handbook. Furthermore, this project will demonstrate how the government regulations and the policies of a business owner may, at times, conflict.

Background

ShopAround.com is an Internet site that acts as a shopping portal and search engine for its clients. A shopping portal is the virtual equivalent to a physical shopping mall. Stores pay ShopAround.com a monthly fee to be categorized on www.ShopAround.com. Customers shopping online can visit www.ShopAround.com and purchase items from any of ShopAround.com’s clients. Additionally, clients can pay an extra fee for “web positioning”, which means that when a customer performs a search on ShopAround.com’s website, the client’s product is matched to specific keywords used in the customer’s query.
Mr. Pat Dean, President of ShopAround, Inc., acquired ShopAround.com from Management Systems and Training Incorporated in mid-November 2000 after a three-year partnership with MSTI. During the acquisition process, Mr. Dean began hiring an Executive Staff. The purpose of incorporating additional staff was to create a smooth transition of ShopAround.com into ShopAround, Inc. as well as to help anticipate its future needs.

Shortly after President Dean hired Mark Grill as his Vice President of Finance, Mr. Grill expressed the employees' desire to have policies and procedures available in a written, retrievable format. However, ShopAround, Inc. did not yet have a human resource staff in place to conduct the needed research associated with a change effort. It was decided that an external consultant would be needed in order to implement the organization's planned change. The entry of external consultant Kristine Oddo into ShopAround, Inc. was the result of a sales employee at ShopAround, Inc. recommending her services.

Importance of the Project

This project is important to the field of Human Resource Development (HRD) because it documents the process of developing an employee handbook. Employee handbooks lay the foundation of policy and procedure for companies and organizations and are a crucial component for efficient day-to-day operations. The employee handbook can be seen as an operations manual for a company's human capital.
Additionally, the legal consequences of not having an employee handbook can be both a public humiliation and financial burden.

When a company decides to implement a policy, it should be clearly stated in an employee handbook (Sinton, 1999). This overt clarification helps to foster compliance of the policy, and also holds the company responsible for consistency in the policy's execution. This responsibility can be unnerving to some employers, because once a policy has been incorporated into an employee handbook, it has become part of an employment contract (Anonymous 1999). Many employers feel that by not incorporating a policy into a handbook, they have avoided the risk of an employee reading the policy and starting a litigation process. However, employee handbooks are an employer's best defense against litigation, if the procedures outlined in the handbook are followed (Milligan, 1999). For instance, many employers utilize the "employment at will" policy and explain it in their employee handbooks (Sixel, 2000). Employment at will is a policy that states that the employer or employee can terminate employment at any time with no notice given. By incorporating this policy into an employee handbook, the company has reserved the right to practice employment at will and can use the handbook as a reference of the policy to avoid wrongful termination litigation (Andrews, 1998; Meade, 1998).

Just as important as placing all of the policies and procedures in one place is making sure that that place is accessible by the employees.
As Maharaj (1999) points outs, many companies do not provide easy access to their employee handbooks. They do not provide individual copies to employees because of a fear that policies will be shared with other companies, and the hard copies that do exist may not be strategically placed for reference by the employees. Since the employee handbook is supposed to be a tool for employees to utilize, it needs to be accessible and understandable. Along this vein, the basic structure of an employee handbook was researched. Changes to this structure, such as delivery format (online versus hard copy), were also explored.

**Online advantages.** Having an online employee handbook is beneficial for all types of companies, not just Internet businesses. There are minimal publication costs with an online handbook. For example, ShopAround Inc. called for only one hard copy to be printed. This one copy will serve as the master and document the President’s approval of each page.

Another advantage to having the employee handbook housed online is that sections can be instantly modified and disseminated to the workforce. Employers do not have to make sure that each new page finds its way into the handbook binder of each employee, but at the same time, employers do not have to provide an entire new handbook.

Whatever the delivery method, developing and incorporating an employee handbook is an essential and arduous task for any company. Startup companies in particular must make sure that no federal or state
laws can overturn a stated policy. In addition, as company size increases, so do the regulations associated with policy. A startup company that has a sudden need for growth may be affected by these regulations.

To alleviate some of the burden associated with the creation of an employee handbook, the final output of this project will be an actual online employee handbook. This handbook will be used as the employee handbook for ShopAround, Inc. In addition, once a Human Resources staff is incorporated into ShopAround, revisions can be made utilizing the same tools and process that the external consultant utilized for creating the first version. A final added benefit of this project is that the model followed by the consultant (Action Research) can be implemented in other change efforts.

An extensive literature review focuses on the legal issues involving employee handbooks as well as some of the basic structures utilized by today’s companies. Research and data collected for utilization to create a specific employee handbook for ShopAround, Inc. will be included as well. An examination of relevant literature lays the foundation for ShopAround, Inc.’s employee handbook.

The purpose of documenting the process of the creation of an employee handbook is to provide employers with necessary background before embarking on the task themselves. A detailed review of related literature, found in Chapter Two, is essential for creating ShopAround Inc.’s employee handbook, since most internet start-up companies are
“so focused on survival that they’ve paid scant attention to the basics such as sexual-harassment training, overtime pay and employee handbooks” (Armour, 2000, 01B).

Chapter Three describes the organizational model of change used in this consultant effort while Chapter Four details the process and results of each step as it directly pertains to ShopAround, Inc. Finally, Chapter Five discusses the current status of the consultant effort and future steps that are necessary in order to ensure complete integration of the employee handbook.
CHAPTER TWO

Literature Review

The purpose of this project is to map and explain the process of a planned organizational change in a startup company through the efforts of an external consultant. This change effort focuses on the development of an employee handbook for ShopAround Inc., an upstate New York Internet startup company.

Chapter Two presents a literature review that provides the conceptual framework to shape this effort. Three aspects are discussed: (a) the needs of a traditional developing organization versus the requirements of a developing Internet company; (b) the structure of an employee handbook; and (c) possible models of change.

The Needs of a Traditional Developing Organization versus the Requirements of a Developing Internet Company

In an era where 80% of all new businesses fail within five years of inception, new business owners must perform adequate market research and strategic planning (Lockhart, 2000). All new and developing companies have certain needs, regardless of whether they are traditional or Internet-based. However, as research shows, Internet-based organizations have more requirements for success (see Table 1). These additional requirements usually stem from the technology that the business is based upon.
Table 1

Needs of a Traditional *versus* Internet-based Business

<table>
<thead>
<tr>
<th>Traditional Business Needs/ Factors for Success</th>
<th>Internet-based Business Needs/ Factors for Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominant physical space</td>
<td>Minimal physical space</td>
</tr>
<tr>
<td>Aggressive sales force</td>
<td>Aggressive sales force</td>
</tr>
<tr>
<td>Employment growth</td>
<td>Employment growth</td>
</tr>
<tr>
<td>Return on capital</td>
<td>Return on capital</td>
</tr>
<tr>
<td>Labor productivity</td>
<td>Labor productivity</td>
</tr>
<tr>
<td>Business/labor law compliance</td>
<td>Business/labor law compliance</td>
</tr>
<tr>
<td>Business talent</td>
<td>Internet and business talent</td>
</tr>
<tr>
<td></td>
<td>New technology incorporation</td>
</tr>
<tr>
<td></td>
<td>Securing effective domain name</td>
</tr>
</tbody>
</table>

**Similarities.** One method that traditional integrators utilize is forming an “aggressive field sales forces to attract new business” (Rosa & Jastrow, 2000, p. 3). Internet companies have begun to embrace this theory as well. Reid and Smith (2000) identify three factors that are used to determine the success of a business: (a) Employment growth; (b) return on capital; and (c) labor productivity. These measures can be used in any type of business. Additionally, similarities between starting a new business and starting a new Internet-based business are so strong
that traditional business owners are branching out to include Internet services (Anonymous, 2001).

**Differences.** In some cases, starting an Internet company is easier than beginning a traditional business. An owner of an Internet company does not need as much physical space to operate. Additionally, "Internet incubators" offer new Internet entrepreneurs tools and advice from successful e-business owners on how to launch their business (Lardner, 2000). This is an advantage not readily available to other new business owners.

However, the benefits of having a company housed mainly in cyberspace do not always outweigh the hardships Internet owners face. For instance, "technological hurdles are high, talent is scarce and most good domain names have been taken" (Prince, 2000 p. R6). Additionally, Internet companies have been the targets of much criticism lately due to the shifting economy (Webber, 2001), regardless of the fact that many new businesses, Internet-based or not, fail. The fact that Internet companies face more-than-normal scrutiny only heightens the need for Internet-based company owners to seek out and comply with state and federal business and labor laws. An employee handbook can be an asset in this endeavor.

**The Basic Structure of an Employee Handbook**

Most employee handbooks are segmented into clear chapters that each deal with a different aspect of certain conditions of employment.
This has proven to be effective because it allows each employee to find a needed policy or procedure quickly while at the same time avoiding the practice of asking managers what the policies are (Grensing-Pophal, 1999). Companies that specialize in the creation of employee handbooks utilize the following five-chapter format to convey policy and procedure information.

**Introduction.** Handbooks, when done effectively, can help portray the company as a professional, positive organization (Farr, 1999). The introduction section of the employee handbook is often the employee’s first impression of his or her new company upon orientation. Therefore, it is important that the first section of an employee’s handbook include a welcome message and a company profile. This will help to familiarize the employee with the company.

The first section of the employee handbook also typically includes any policy that the employer is required to incorporate into the handbook as per federal and/or state law. One reason that employers appear to do this early on in the employee handbook is so that all requirements are taken care of and the rest of the handbook can focus on company specific policy and procedure. Common policies included in the section explain the company’s position on At Will Employment, Equal Employment Opportunity, Americans with Disabilities Act and Non-harassment. All of these policies must be updated as laws change, or the
“safe-harbor” assumed by the employer may be compromised (Flynn, 2000).

Compensation. Normally, this section of an employee handbook deals with any questions an employee may have about a company’s policy for pay and progress. While actual compensation is not usually discussed, it is important to note that the employer cannot legally create a policy forbidding employees from discussing their pay in this section (Walsh, 2000).

However, typically this section deals with how the employee will record his or her time at work, when paychecks will be delivered and by what method. Some companies have policies either permitting or banning pay advances. Policies regarding evaluations and promotions can also find a home in this section.

Benefits. In this section, benefits of employment are discussed. Typically, this is the longest section in an employee handbook because it is also the area that employees have the most questions about. Benefits such as personal time off, sick time and federal holidays should be included in this section and explained clearly to help avoid any gray areas of interpretation (Anonymous, 2000). For example, a list of observed holidays should be included to avoid confusion.

Other benefit explanations are also usually included in this section. Medical and dental insurance, if offered, do not need to be spelled out in the employee handbook. However, when the benefits begin
for the employee should be included as a courtesy to the employees. As Perkins and Terman (1999) state, employee benefits can be as big a recruitment and retention tool as actual monetary compensation.

**On the Job.** As important as the Benefits section is to employees, the On the Job section can hold the same clout for the employer. It is this section that explains many of the conditions of employment. One prevalent example is the dress code policy. By incorporating the dress code policy into the employee handbook and enforcing it consistently, employers can avoid lawsuits. Merrick (1999) points out that implementing this policy creates defensible standards.

Other policies usually found in this section include a non-expectation of privacy for employees. These policies, again only if clearly defined and consistently implemented, help create security for an employer. By telling the employee that there is no expectation of privacy, the employer has created a situation where any work related activity can be monitored and any property brought onto work premises can be searched (Lenckus, 2000).

**Workplace Safety.** This final section of an employee handbook is usually very brief, dealing with any miscellaneous employee policy such as “good housekeeping” or smoking in the workplace. Again, legal regulations come into play because a company cannot offer smoking in a government regulated non-smoking building. Usually, policies
incorporated in this last section are seen as common sense procedures that are outlined for the employer to have legal back up.

Models of Change

Models of change are often utilized when stakeholders in an organization want the company to shift from one method of operation to another. Rothwell, Sullivan and McLean (1995) define a model of change as a pictorial illustration of steps usually used when carrying out a change process. Four models of change reviewed in this section are: (a) Critical Research; (b) Shewhart’s PDCA Cycle; (c) Force-Field Analysis; and (d) Action Research.

**Critical Research.** Critical Research views change as an occurrence resulting from conflict (Rothwell, Sullivan & McLean, 1995). Organizational change occurs from the natural tension that exists when the desired state and actual state of the organization is not equal. The steps of the Critical Research model involve identifying the discrepancy between the desired and actual states and forming an action plan to narrow or eliminate the gap. When developed, the change is implemented and the stakeholders are charged with revisiting the scenario to ensure continuous improvement. Rothwell, Sullivan and McLean (1995) point out that this change effort works well in times of internal conflict within an organization.

**Shewhart’s PDCA Cycle.** Thomas Shewhart’s cycle for change has four steps: (a) Plan; (b) Do; (c) Check; and (d) Act. Shewhart’s model is
circular in nature to allow for small implementations of change, review of
the effectiveness of the change and then a full-scale change effort (or
retreat). This model is beneficial because it can be a stand alone model
or incorporated into a step of another model for change, as needed
(Rothwell, Sullivan & McLean, 1995). Critics of the PDCA cycle comment
that the jump from the ‘Plan’ to ‘Do’ stages could cause many false starts
(Schneiderman, 1998). However, proponents of the cycle, such as Ruin
(2000) contend that the PDCA Cycle serves to improve processes, not to
solve specific problems. Therefore, the trial application of new methods
along with the analysis of results from the test run effectively serves the
purpose of the model.

Force Field Analysis. Kurt Lewin invented the Force Field Analysis
model to help identify risks associated with a proposed organizational
change. Two “forces” are acting upon the organization in this model- the
force of not wanting to change versus the pain that can occur from not
changing. This model has been proven effective in drawing out both the
pros and cons of a change proposal as well as how those positive and
negative factors could facilitate or inhibit the adoption of the proposal
(Gentry, 1994). The driving idea behind this model is to place the
deciding individual or group into a “field of forces”; this field will either
support or restrain action on the path to a decision (Lewin 1999).

While this is a highly regarded model in terms of making a
decision, it does not extend into the actual implementation of the decided
change. However, Comings, Parrella and Soricone (2000) suggest that recognizing and acting upon forces that can be manipulated can affect those forces which cannot be manipulated. Therefore, conducting a force field analysis could allow the group or individual to have more control over a situation and recognize that change can be implemented.

**Action Research.** The Action Research model for change is a commonly used tool in Organization Development change efforts (Rothwell, Sullivan & McLean, 1995). The model follows eight distinct steps of a change intervention, beginning with the entry of a change agent and ending with the conclusion of the agent's affiliation with the change effort. If a change effort based on the Action Research model is unsuccessful, the model can be reviewed and the step at which the breakdown occurred can be established.

The Action Research model gives the individuals or organizations utilizing it a chance to identify ideas for change and possibly transform those ideas into actions (Price 2001). As Bate, Khan and Pyle (2000) state, "Action research is an exploratory, opportunistic, and emergent process of learning and changing" (p.149). By using the model, an organization's stakeholders are able to decide, through assessment and feedback (learning), the action plan they wish to implement (changing).

Action Research is popular in part because it is wide-ranging. The eight steps explained in the model can be applied to a host of change efforts. However, opponents to the Action Research "umbrella" charge
that there "is no definitive approach to action research" (Dickens & Watkins, 1999, p. 127). Indeed, Rothwell, Sullivan and McLean (1995) concur that the model is designed to allow as much or as little time as necessary for each step, depending on the particulars of the intervention. This leeway should not be viewed as a negative aspect of the model, because upon review of a successful intervention utilizing Action Research, each step can usually be identified.

Proposal of Change Model

The consultant utilized the information gathered during the literature review to create a proposal for the Executive Officers of ShopAround. This proposal included endorsing the Action Research Model as the model to be used for the change.

The Action Research Model was chosen for this change effort because of the comprehensive steps that both the consultant and the company must follow in order for success to occur. Additionally, since each step in the model can be easily distinguished from each other, any breakdown in the model can be identified, gone back to, and redone. The steps of the model are described in detail in Chapter Three, and Chapter Four follows the results of each step during ShopAround's change effort using the Action Research model.
CHAPTER THREE

Method

The purpose of this project is to create an online employee handbook for ShopAround, Inc. while sufficiently educating the company on the federal and state regulations with regards to employee handbooks. This activity will enable the company to revise the employee handbook in order to comply with changes in both employee policy and federal and state employee laws.

After exploring available information about employee handbooks and the relevant state and federal regulations, it is clear that an employee handbook is much more than a compilation of policies and procedures of a company. The employee handbook can protect an employer from litigation and create binding agreements between employers and employees.

Chapter Three details the change process utilized in this project for the incorporation of an employee handbook into ShopAround Inc. The primary aspect of this chapter is the description of the model used for the needs assessment and the resulting design for the employee handbook. Here, the Action Research Model as defined by Rothwell, Sullivan and McLean (1995) is presented.

The Action Research model focuses on the necessary steps that an organization must take when implementing a planned change. Leaving out any one step when employing the Action Research model creates a
possibility that the change effort will be unsuccessful. There are eight distinct steps in the Action Research model (see Figure 1). In the following portion of this chapter, these steps are described. For the purposes of this study, these steps were employed in a consultant/client relationship.

Figure 1. The eight distinct steps of the action research model.

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Action Research Model for Change

**Entry.** The entry phase of Action Research involves the stakeholders of an organization acknowledging the need for a planned change event. In most cases, entry involves defining objectives and contacting a consultant (Winston, 2000).

**Start Up.** In the start-up phase of Action Research, the consultant and the organization contract for services. The preliminary needs of both the consultant and the stakeholders are discussed. If both parties approve of a contract, the consultant is typically introduced to the rest of the organization.

**Assessment and Feedback.** Assessment and feedback are important aspects of the entire Organization Development change process. It should not be relegated to just one particular phase of the Action Research model. However, the consultant must conduct a formal assessment in order to determine the true need of the organization. Additionally, feedback and approval must be supplied by the organization to the consultant so that the change effort can continue.

**Action Planning.** The results of the assessment were forwarded to the executives of ShopAround, Inc. via e-mail sent to Mark Grill. The consultant offered recommendations based on the results, and the Executive Officers of ShopAround decided what planned change would be implemented.
Intervention. At this step in the Action Research process, the proposed action plan is implemented into the organization. The entire organization does not have to experience the change at this time. In the case of ShopAround, Inc., the proposed employee handbook was drafted for approval on a section-by-section basis.

Evaluation. Evaluation is typically minimal in an organization development effort (Rothwell, Sullivan & McLean 1995). However, it still important to gauge the effectiveness of steps in the change process as well as the change process in its entirety once it is completed. While evaluation is its own step in the Action Research model, it can (and should) have more than one occurrence.

In this project, the consultant asked for an evaluation of each section of the handbook. Based on the feedback given during the evaluation, revisions would be made.

Adoption. The answers to the questions set forth during the Evaluation stage of the process will determine if adoption occurs. At the Adoption stage of the Action Research Model, the entire company experiences the change effort. ShopAround, Inc.'s plan when the project was first started called for a company wide implementation of an employee handbook. Very few companies plan a change with no intentions of initiating it.

Separation. In order for separation to occur during the change process, one of three scenarios must be played out. In one case, the
consultant transfers the knowledge and skills needed to facilitate further development to the stakeholders. This will ensure that the change process can be implemented again and perhaps enhanced should the need arise (Rothwell, Sullivan & McLean 1995). In the other scenario, the stakeholders can determine that the change effort was unsuccessful, not adopt the proposed change, and sever services with the consultant. Finally, the consultant can decide to walk away from the project if the organization has become too dependent on services which were contracted to be finite in nature. For this particular change effort, the goal was to have the first scenario occur as a natural result of successful implementation.

Design

Several avenues were utilized in order to collect information for the creation of ShopAround Inc.'s employee handbook. A primary source for gathering information was the Internet. This path was taken in order to keep the change effort consistent with the nature of ShopAround, Inc. The New York State Department of Labor was also contacted in order to obtain the most up to date applicable laws.

The consultant utilized a triangular approach to assess the needs of ShopAround, Inc. First, the executive officers of ShopAround, Inc. were interviewed in order to help identify the interpretation of the current problem. The second assessment involved an informal survey of the employees of ShopAround Inc. conducted by the Executive Staff (see
Appendix A). Results were reported to the consultant. Finally, the consultant conducted the literature review discussed in Chapter Two in order to gather information on the legal obligations that employers have to their employees with regard to company policy. All findings were presented to the key contact and evaluated for possible incorporation in the Action Planning stage.

A template for the topics to be included in ShopAround, Inc.'s employee handbook was designed by the consultant (see Appendix B). The template incorporated the components deemed necessary by Mr. Grill, including a specific heading format and signature section. Mr. Dean wanted the handbook to contain a signature section so that only the policies personally approved by him would be placed on the Intranet, avoiding the risk of a "hacker" corrupting the handbook Intranet site.

The steps of the Action Research model were followed by the consultant to facilitate a change at ShopAround, Inc. The planned change would result in the implementation of an online employee handbook. The outcome of each step is chronicled in Chapter Four in order to explain how the Action Research model can be incorporated into an actual case study.
CHAPTER FOUR

Results

The purpose of this project is to detail the organizational change process followed by an external consultant. At the same time, the consultant provided ShopAround, Inc., an Internet startup company, a tangible output in the form of an online employee handbook. The goal of this process is to provide ShopAround, Inc. with the necessary tools to keep the employee handbook in compliance with federal and state regulations long after separation has occurred.

The consultant followed and documented the results of each step in the Action Research Model for Change. Figure 2 displays the actions taken at each step in the Action Research process. The results of this process are presented in this chapter in an illustrative case study format.

![Diagram of Action Research Model](image_url)

**Figure 2.** The change effort events of ShopAround, Inc. as chronicled through the steps of the action research model. Adapted with permission of the publisher.
Case Analysis

The purpose of an illustrative case study, according to the Writing Center at Colorado State University, is to deliver a complex instance or system in a common language so that the readers may easily understand it. In a typical case study report, "authors address each step of the research process, and attempt to give the reader as much context as possible for the decisions made in the research design and for the conclusions drawn" (Palmquist & Barnes, 2000). This chapter is presented in an illustrative case study format in order to better describe how the Action Research model and its eight steps were utilized for one particular change effort.

Entry. ShopAround.com is an Internet startup company located in upstate New York. The company markets its services to other Internet companies, offering its potential clients space on a shopping portal. This portal acts as a virtual mall, where customers visit one web site to find an entire host of retailers. ShopAround.com was acquired by ShopAround, Inc owner and President Pat Dean in November 2000. Prior to the acquisition, Mr. Dean began hiring an Executive Staff.

In mid-August 2000, shortly after Mark Grill joined the staff as Vice President of Finance, Mr. Grill expressed the employees’ desire to have policies and procedures available in a written, retrievable format. An external consultant was contacted to plan and initiate a planned change in order to fulfill the employees’ perceived need because a Human
Resource staff had not yet been hired. A ShopAround.com sales representative recommended the services of Kristine Oddo to the existing Executive Staff.

**Startup.** For this particular consulting effort, the contracting component focused mostly on the relationship that was to ensue between the employees of ShopAround, Inc. and the consultant (see Appendix C). The importance of evaluation and feedback of the consultant’s change effort and the time frame for the organization were the two main factors discussed. In addition, a key contact (Mark Grill, Vice President of Finance) was identified in order to streamline the consulting effort. The consultant was then introduced to the employees of the Rochester branch of ShopAround, Inc. E-mail was sent to all employees announcing the entry of the consultant and the intent for a change process to occur.

**Assessment and Feedback.** The consultant’s first step in conducting the needs assessment of ShopAround Inc was to interview the Executive Officers Pat Dean and Mark Grill. The officers explained to the consultant that the employees of ShopAround, Inc. had complained on more than one occasion that there was no consistency or access to company policy. In most cases, a policy was not preserved in a written format until an employee raised a question on that particular topic. When that occurred, an e-mail was usually sent out to the employees
detailing the policy. Mr. Dean and Mr. Grill felt that an employee handbook would solve the issue.

The consultant asked if any method had been used to formally determine what the employees needed in terms of policy distribution. Mr. Grill responded with the summary of an informal survey he had conducted upon his entry into ShopAround Inc. (see Appendix A). The focus of the survey was not to have the employees give input on the policies of ShopAround Inc., but rather to express the format they would most likely utilize when retrieving the available information. The format of the employee handbook was an important aspect to consider, because many employees do not read their employee handbooks upon entry to the company, and few keep the handbook easily accessible (Ramirez, 1998).

The consultant offered to conduct an additional method of information gathering in the form of a literature review in order to validate the concerns of the employees and the proposed solution given by Mr. Dean and Mr. Grill. This literature review supported the proposed solution of the Executive Staff by validating the adoption of an employee handbook (see Table 2). Further research about delivery methods convinced both the consultant and the Executive Staff to utilize the resources of this Internet based company and deliver the handbook online.
Table 2

Benefits of Having an Employee Handbook and the Supporting Authors

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Authors (date of publication)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Meade (1998)</td>
</tr>
<tr>
<td></td>
<td>Mulligan (1999)</td>
</tr>
<tr>
<td>3. Employee saves time locating manager to ask about a policy</td>
<td>Grensing-Pophal (1999)</td>
</tr>
<tr>
<td>4. Online = easier access</td>
<td>Maharaj (1999)</td>
</tr>
<tr>
<td>5. Portrays professionalism</td>
<td>Farr (1999)</td>
</tr>
</tbody>
</table>

**Action Planning.** The solution that the consultant proposed to Mr. Grill was to create an on-line employee handbook for employees to access while at the same time keeping an official bound version housed with other official company documents. An on-line handbook was proposed because ShopAround, Inc. is an Internet company. Every employee has continuous access to the World Wide Web as well as the company Intranet. Providing an on-line handbook would be consistent with other practices of the company, in which communication is conducted primarily through e-mail, and information is uploaded to the Intranet on a daily basis.
Feedback given by Mr. Grill at this stage was limited but supportive. A target date was discussed, and it was decided that an online handbook would be implemented by January 2001 (see Figure 3). Both Mr. Grill and Mr. Dean would approve of the bound version of the handbook on a section-by-section basis. ShopAround, Inc. would upload the handbook and subsequent revisions onto their Intranet.

Figure 3. Proposed timeline of events for a January 1, 2001 release of ShopAround's employee handbook.

The consultant's next job would be to incorporate existing company policy with federal and state regulations. At times, a company's policy conflicts with the laws and regulations governing the state or country that the company is housed in. A company cannot afford to have an unlawful policy at all, but it is especially dangerous to record that unlawful policy in an employee handbook. When companies place an erroneous policy in an employee handbook, the safeguard
against litigation is reversed, and the employee affected by the unlawful policy has evidence for a lawsuit.

The most flagrant example of an erroneous policy endorsed by ShopAround regarded jury duty pay. The Executive Officers were paying employees the difference between daily wages and jury duty wages for one day. New York State regulation Section 519 states that employees must be paid their difference in pay for three days of jury duty.

ShopAround, Inc's Executive Officers did not want to change the policy because they feared that the extra two days of pay would act as an incentive to employees to lobby for placement on a jury in order to not have to report to work. The consultant had to point out that another state regulation did not allow adverse action to occur against employees who had to serve on a jury regardless of its length. Mr. Dean and Mr. Grill were still unwilling to promote the fact that employees received three days of differential pay. The policy was rewritten to state that employees would be paid for one day of jury duty unless state law dictated otherwise. The Executive Officers agreed to pay the differential pay for three days if, in fact, any of their employees were called to jury duty for that length of time, but they refused to advertise the law.

Intervention. Intervention officially started in August 2000, when the consultant provided an overview of the sections to be included in the employee handbook (see Figure 4). This overview was created based on the policy needs of ShopAround, Inc. as well as legal obligations. The
intervention continued until all sections of the employee handbook were sent to ShopAround, Inc. for review. The process called for each section to be approved separately and at the Executive Officer’s discretion.

The consultant agreed to revise each section twice, after feedback from the Executive Officers was given, regardless of time elapsed between submittal and feedback. Revision turn around time would be one week per section. For example, if ShopAround returned two sections to the consultant for editing at the same time, the consultant would have two weeks to make the revisions and resubmit the section.

Figure 4. Table of contents for the hard copy of ShopAround, Inc.’s employee handbook. See Appendix D for full text.
Evaluation. As sections of the handbook were provided to the company, it became increasingly clear that the handbook was not going to be launched by the target date. Section drafts were not being sent back to the consultant for revision. Rothwell, Sullivan and McLean (1995) contend that it is the change agent’s duty to assist the stakeholders of the change effort to assess the progress of the intervention. Unfortunately, very minimal progress was being made in the change effort at ShopAround, Inc. ShopAround possessed an employee handbook, but by not sending revisions back to the consultant for editing, the company created a standstill before full implementation could occur.

Two main factors caused the employee handbook to lose its priority ranking in ShopAround Inc.’s strategic plan. Unfortunately, more pressing concerns (financial difficulties and a proposed buyout) developed during the time period of the change effort. Internet start-up companies, both publicly held and privately owned, were suddenly unstable businesses. Many analysts projected the holiday season of 2000 as a “make it or break it” scenario for Internet companies. This prediction was especially troublesome for ShopAround.com, because the company’s customer base was other Internet companies. If ShopAround.com lost its customers, its existence would be in jeopardy. At the same time, another company was lobbying to acquire ShopAround Inc. in the same fashion that ShopAround Inc. had acquired
ShopAround.com. ShopAround Inc.’s attention, Mark Grill’s in particular, was focused on surviving until 2001. The rapid growth from a few months before, which prompted the expansion into the Southern states, not only physically divided the Executive Officers but put a strain on daily operations as well. The employee handbook, the pending 401(K) implementation, and further expansion all were tabled.

**Adoption.** The original target date for the adoption of the employee handbook to occur was January 1st, 2001. The Executive Officers of ShopAround Inc. felt that the beginning of the calendar year would be the best time to update and implement new policies. Initially, there was not much concern over the handbook being in the final format, because the thought process behind the handbook itself was that it was to be a “living document.” Each page of the handbook was to be saved under a separate file name, so that any updates needed could be isolated and documented. New versions would be continually published on the Intranet on an as needed basis.

However, as December 2000 approached, four out of five sections of the employee handbook had been submitted by the consultant with no feedback given by Mr. Grill or Mr. Dean. It was decided that the consultant would provide the remaining section of the employee handbook as planned. The entire handbook would be uploaded on to the company’s Intranet site at a later date, when the Executive Officers could effectively deal with the anticipated questions of the employees regarding
the new policies and procedures. These questions would help shape the revisions, two of which the consultant would help the company perform.

The consultant agreed to make herself available at the time of company wide implementation, in order to review the current situation of the organization and identify any new policies and/or procedures that should be recorded before the employee handbook is launched. The revisions of the drafts would proceed before the product was launched if ShopAround so desired. The consultant agreed to provide revisions for the first two months after publication if the company elected to upload the sections in their first draft format. Since, the maximum number of revisions would still be two per section, ShopAround was encouraged to submit all revisions for each section at once. Ultimately, the onus was placed on ShopAround, Inc. to take ownership of the implementation of the employee handbook. The consultant could not force adoption to occur, but did not feel it necessary to force separation, either.

**Separation.** At present, neither ShopAround, Inc. nor the consultant has any plans to enter the separation phase of the process. The offer to provide revisions of the drafts already submitted is still in good standing. The consultant will not incorporate any additional sections, but will fine-tune the ones already completed (see Appendix D). At the same time, ShopAround, Inc. has not voiced any intentions of dropping the project. Communication has ceased between the
consultant and the company until the company has dealt with the more pressing issues at hand.

Current Status

Currently, the employee handbook falls behind the expansion efforts and 401(k) plan in terms of priority. Employee questions on policy and procedure are handled no differently than before the employee handbook change effort began. While the Executive Officers claim to still want to incorporate the employee handbook, they have not initiated any further plans to do so.

Recommendations

Should ShopAround, Inc. continue to prolong the delay of the employee handbook launch, the change effort will have to begin again. The workplace is dynamic. Laws and regulations change, as do company profiles, policies and procedures. Therefore, research for the employee handbook will have to be conducted again, and the change process will have to start over at Assessment and Feedback stage of the Action Research model. This duplication of the change effort is not provided for under the agreement set forth in August 2000 (see Appendix C).

Since adoption did not occur, ShopAround, Inc. is not in a position to take full ownership of the project and provide continuous improvement of the handbook. The drafts submitted in October and November of 2000 have not been revised, and ShopAround, Inc. has not been briefed on how to research and gather information on law and
regulation changes that could affect the policies of the company. Additionally, if the company decides to re-engage the services of any consultant, the change effort will have to begin at the even earlier stage of Entry. In essence, by contacting another consultant or establishing a new contract with the existing consultant, an entirely new change process will have been initiated.

Conclusion

The Action Research model for change is just that – a model that, in theory, can be successfully applied to any planned change effort. Unfortunately, unplanned, confounding issues may interfere with the proposed change process. This interference is actually a more common occurrence than the model alludes to because the Action Research model, and models in general, do not operate in a vacuum when applied in a real life setting.

In mid-December, 2000, because of both increased internal changes at ShopAround, inc. and external financial factors, the Executive Officers decided to put the project to implement an employee handbook on hold.

At this point in the change effort, the consultant posed numerous questions for the ShopAround, Inc. Executive Officers to contemplate. Mr. Dean and Mr. Grill were asked five questions:

1. Why did you choose to implement an employee handbook?

2. What obstacles prevent you from launching the first version?
3. Can you effectively get the intended message on policy and procedures out to the employees without utilizing an employee handbook?

4. Having already announced to the employees that their handbook would be on-line by January 1st, 2001, has a new date for launch been decided upon and mentioned to the employees?

5. Has the delay been acknowledged to the employees by management?

The consultant hoped to at least facilitate a discussion regarding an evaluation of where the Executive Officers were and wanted to be on the employee handbook issue. Rothwell, Sullivan and McLean (1995) state that informal separation may occur when a lot of time elapses without progress being made in the change effort. One recommendation given to avoid informal or abrupt separation from occurring is for the consultant to ask questions and facilitate discussions on the suspension of the change process. However, informal separation may have occurred in this case regardless of the consultant’s effort to facilitate a discussion, as the questions the consultant asked the Executive Officers remain unanswered.
REFERENCES


Merrick, B. (1999, June). Don't be casual about your dress code policies. Credit Union Management, 65, 70.


Appendix A

Informal Survey Results Memo

To: Pat Dean

From: Mark Grill

Date: 8/15/2000

Re: Employee Polling

It has already been established that we need to gather all the policies together for easier employee access. I went around the office yesterday (Monday) and asked the employees some questions on where they go to get information that they need.

It’s not surprising that the first place they look is the Internet. After all, they are on-line all day when they are at work.

We may want to start off with uploading the policies onto the Intranet before creating hard copies. If that effectively cuts down on the questions and inconsistencies, we do not need to incur the expense for bound versions.
Appendix B

Employee Handbook Template

TITLE GOES HERE

Signed: ___________________ Date: ____________
Appendix C

Consultant Contract Proposal Excerpt

Services Provided by Kristine Oddo (hereinafter referred to as “the Consultant”) to ShopAround, Inc. (hereinafter referred to as “The Company”) will be as follows:

1. A cross-reference of current policy with federal and state regulations will be conducted in order to ensure compliance.

2. A draft of the employee handbook will be provided for review on a section-by-section basis. There will be five sections. Draft Sections 1 and 2 will be delivered by 10/12/2000 and draft Sections 3, 4 and 5 will be delivered 11/10/2000.

3. Necessary revisions to each section will be completed at the rate of one week per section from the time that the draft is returned to the consultant. If more than one section is returned for revision at the same time, the consultant will have one week for each section to complete the revisions. For example, if two sections are returned for revision at the same time, the consultant has two weeks to resubmit the drafts. Only one revision per section will be allowed, excluding the correction of errors made by the consultant. The dates of draft delivery have been structured to provide the Company with adequate time for the review, return the drafts for revision and completion of revision by 12/15/2000.

4. The consultant will be any revisions that are deemed necessary due to state and federal law changes up to and including 12/15/2000, in order to ensure that a compliant handbook has been delivered to the company in accordance to the proposed implementation date (1/1/2001).

5. The company will be responsible for uploading the handbook onto the designated web site.
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Signed: ____________________  Date: ____________________
INTRODUCTION
A WORD ABOUT THIS HANDBOOK

The policies outlined in this handbook should be regarded as management guidelines only, which in a developing business will require changes from time to time. The policies and statements contained in this handbook apply to ShopAround, Inc. and its adopting affiliates (i.e. ShopAround.com), hereinafter referred to as "ShopAround" or the "Company". The Company retains the right to make decisions involving employment as needed in order to conduct its work in a manner that is beneficial to the employees and the Company. This handbook supersedes and replaces any and all prior handbooks, policies, procedures and practices of the Company.

This employee handbook describes the current benefit plans maintained by the Company. Refer to the actual plan documents and summary plan descriptions if you have specific questions regarding a benefit plan. Those documents are controlling. The employee handbook and other plan documents are not contractual in nature and do not guarantee any continuation of benefits.

Our Company abides by the principle of employment-at-will, which permits the Company or the employee to terminate the employment relationship with or without notice, with or without cause at any time. Neither the policies contained in this employee handbook, nor any other written or verbal communication, are intended to create a contract of employment. The policies contained in this handbook may be added to, deleted, or changed by the Company in its sole discretion. Employees will be advised of any changes in writing. Nothing may alter employment-at-will except a written agreement signed by an officer of the Company and the employee.

Signed: ___________________  Date: ___________________
EQUAL EMPLOYMENT OPPORTUNITY

Our Company is committed to the full utilization of all human resources and to a policy of equal employment opportunity. Our Company will not discriminate against employees or applicants for employment on any legally-recognized basis including, but not limited to, race, age, color, religion, sex, marital status, national origin, physical or mental disability or veteran status.

You may discuss equal employment opportunity related questions with your supervisor or any other member of management

Signed: ___________________________ Date: ___________________________
AMERICANS WITH DISABILITIES ACT

ShopAround is committed to providing equal employment opportunities to otherwise qualified individuals with disabilities, which may include providing reasonable accommodations where appropriate. In general, it is your responsibility to notify your supervisor of the need for accommodation. Upon doing so, your supervisor may ask you for your input or the type of accommodation you believe may be necessary or the functional limitations caused by your disability. Also, when appropriate, we may need your permission to obtain additional information from your physician or other medical rehabilitation professionals.

Signed: ___________________  Date: ___________________
NON-HARASSMENT

Policy
It is ShopAround’s policy to maintain a work environment free from all forms of harassment. Accordingly, any comments or conduct based on, or relating to a person’s race, religion, sex, age, ethnic background or disability which fail to respect the dignity and feelings of the individual are unacceptable. No conduct which fails to comply with both the letter and spirit of this policy will be tolerated.

Scope
This policy applies to all personnel of the Company and extends to such conduct outlined below.

Definitions

Verbal Harassment: Derogatory or vulgar comments regarding an individual’s sex (a form of sexual harassment), religion, age, ethnic heritage, physical appearance, threats of physical harm or distribution of written or graphic material having such effects.

Physical Harassment: Hitting, pushing or other physical contact or threats (implicit or explicit) to take action.

Sexual Harassment: Unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:
  a. submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment;
  b. submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting the individual;
  c. such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile or offensive working environment.

Procedure
Any individual alleging harassment or any party witnessing or otherwise aware of harassment is required to report the incident according to our Problem Solving Policy. All such reports will be thoroughly and, to the extent possible, confidentially investigated.

All employees have the right to file a complaint through the Problem Solving Policy. Retaliation will not be tolerated. In addition, all reasonable efforts will be made to protect the privacy of the individuals involved. This practice is intended to protect the confidentiality of the individual who files the complaint or participates in the investigation, to encourage the reporting of such incidents and to protect the reputation of any employee wrongfully charged with harassment.

When a complaint is determined to be valid, prompt attention and disciplinary action—designed to both stop the harassment immediately and to prevent its recurrence—will be taken. Depending upon the severity of the offense, disciplinary action may include verbal or written reprimand, suspension or termination.

Responsibility
All managers are responsible for the implementation of this policy and ensuring that all employees and non-employees conducting business and in contact with employees have knowledge and understand both the spirit and intent of this policy. Furthermore, all managers are responsible for taking appropriate corrective action when necessary to assure compliance with the policy.

All employees will be held responsible and accountable for avoiding or eliminating the conduct prohibited by this policy.

Signed: ___________________________ Date: ___________________________
CATEGORIES OF EMPLOYMENT

FULL-TIME EMPLOYEES are regularly scheduled to work 32 hours or more per week and are eligible for our full-time fringe benefits package in accordance with their position and length of service.

PART-TIME EMPLOYEES are regularly scheduled to work less than 32 hours per week. They may be eligible for certain fringe benefits, based on their position and length of service. To be eligible for certain fringe benefits, part-time employees must be regularly scheduled for at least 20 hours per week. Employees who are regularly scheduled for less than 20 hours per week, are eligible for statutory benefits such as Social Security and Workers' Compensation.

TEMPORARY/SEASONAL EMPLOYEES are hired to perform a specific job for a specified period of time, normally less than one year.

EXEMPT - The law defines exempt employees as those who meet the Federal and State requirements of being Executive, Administrative or Professional personnel or Outside Sales Representatives. As such, they are exempt from both the minimum wage and overtime pay provisions of the law.

NON EXEMPT - All other employees are classified as non-exempt and are subject to minimum wage and overtime pay provisions of the law.

Signed: ___________________ Date: ___________________
PROBLEM SOLVING

ShopAround's policy requires every employee, regardless of position, bring problems, concerns or suggestions to management's attention. The only way we can address your issues is to know them. The Problem Solving policy has been established as the way for you to tell us what's on your mind.

If you have a problem, concern or suggestion, take the following steps:

1. Talk with your supervisor if you feel you have a problem. Generally, you and your supervisor will be able to resolve your problems and concerns.

2. If you are not satisfied with your supervisor's response, or if for some reason you do not wish to bring the problem to your supervisor, you must take the problem to the next level of supervision.

3. If you are not satisfied with the solution, you may discuss the issue with your senior manager or any member of senior management.

Your suggestions and comments on any subject are important to us and we want you to discuss them with us. Your job will not be adversely affected in any way as a result of using this procedure.

Signed: ___________________________ Date: ___________________________
RECORDING YOUR TIME

You are required to maintain an accurate record of all time worked.

All non-exempt (hourly) employees, both full-time and part-time, must record their hours on time sheets and give them to their supervisor at the end of the pay period.

Your supervisor will approve the time sheets for the hours worked, including any overtime and forward the time sheets to the ShopAround Bookkeeper for processing.

Falsification of time records, which includes failing to report all hours worked, is a serious offense and will result in disciplinary action, up to and including discharge.

You will be appropriately compensated for overtime hours worked; however, you must always obtain your supervisor's approval before working any overtime. In your supervisor's absence, speak to another supervisor in your location.

_Signed:_

_Date:_
PAYDAY AND DIRECT DEPOSIT

PAYDAY

All employees will be paid weekly on Friday for the period which has ended on the previous Friday. Talk with your supervisor as to when your first check will be issued.

When Friday is a holiday our payday is normally the previous business day.

DIRECT DEPOSIT

ShopAround's preference is to pay all employees electronically.

Signed: ______________________  Date: ______________________
PERFORMANCE EVALUATIONS

Your performance is important to our Company. At least once each year, your supervisor will review your job progress within our Company and help you to set new job performance plans.

Our performance review program is designed to provide a basis for better understanding between you and your supervisor, with respect to your job performance, potential and development within the Company. Your supervisor will complete your performance appraisal form, review it with you and give you a copy of the form. Performance appraisal forms will be kept in your personnel file.

New employees and employees changing positions are usually reviewed within six months of employment in their new position. Your supervisor will inform you of when you will be reviewed.

Signed: ____________________  Date: ____________________
PROMOTIONS AND INTERNAL JOB POSTINGS

PROMOTIONS

We believe that career advancement is rewarding for both the employee and our Company. Whenever possible, we will promote qualified employees to new or vacated positions.

INTERNAL JOB POSTINGS

The job posting program was designed to provide a vehicle for employees to identify opportunities in all locations. Job postings can be found on the ShopAround Intranet. Posting a position on the Intranet is optional.

Employees from any ShopAround location can access the Intranet 24 hours a day and view a list of current job openings being offered. Each posting includes the location, title, grade, a brief description, requirements and contact information.

All regular ShopAround employees who are performing satisfactorily in their current position and who have acceptable attendance are eligible to apply for a position listed on the ShopAround Internal Job Posting.

Signed: ___________________  Date: ___________________
Every ShopAround employee is eligible for annual merit review consideration. Generally, employees are reviewed during the anniversary month of their date of hire.

Every position requires a job description which lists the general function and specific duties of the position. From the job description, positions are given a wage range from a minimum to a maximum dollar amount paid for that position.

You may ask your supervisor to see the salary range for your position.

PAY ADVANCES/LOANS

As a general rule, pay advances will not be granted to employees.

Employee loans are not allowed.

OVERTIME

All overtime must be approved in advance by your supervisor

Non-exempt employees will be paid a rate of time and one-half their regular hourly rate for hours worked over 40 in a week, except in states which require the payment of overtime on some other basis.

Exempt employees in managerial, supervisory or professional positions do not receive additional pay for overtime.

Signed: ___________________________ Date: ___________________________
BENEFITS

Shop A

Spun
PAID TIME OFF

VACATION DAYS

Each ShopAround employee will receive ten (10) vacation days after six months of employment. Vacation time will be renewed at the anniversary of the employee’s start date. At the employee’s fifth and tenth year of employment, an additional week will be awarded.

Vacation days must be pre-approved by the employee’s supervisor.

Vacation days may be rolled over from one year to the next, with a cap on one and half times the annual allotment per employee. For example, an employee in his/her third year of employment would have a cap of fifteen (15) vacation days.

PERSONAL TIME

Each ShopAround employee will receive three (3) personal days to be taken at their discretion upon hire.

Personal days may be rolled over from one year to the next, with a cap of six days.

PAYMENT UPON TERMINATION

All unused, credited Paid Time Off will be paid at termination.

Signed: ___________________________ Date: ___________________________
Sick pay

ShopAround has a policy for paid sick time for full-time employees. Time off with pay is allowed for all full-time employees and is intended to be used when you are ill, or when a child or immediate family member living with you is ill.

Sick time is credited to new full-time employees following 90 days of employment. In subsequent years, sick time is credited on the anniversary of their date of hire. Each full-time employee is eligible for five (5) or more paid sick days each year. Sick days in excess of the allowed amount per year will be unpaid.

Unused sick time may not be carried over to the next year nor will employees be paid in lieu of using the days. Credited sick time is not paid at termination.

Any employee returning to work from an absence of more than five (5) consecutive work days must submit a doctor's release note to his/her supervisor before resuming work duties. Any limitations or restrictions placed on the employee by the physician must be noted on this statement.

Signed: ______________________  Date: ______________________
FEDERAL HOLIDAYS

All full-time employees are eligible to receive seven (7) paid holidays during the year. They are:

New Year's Day
Memorial Day
Fourth of July
Labor Day
Thanksgiving
Day After Thanksgiving
Christmas

If you are out on a leave of absence during one of the recognized holidays, you will not be paid for the holiday.

Part-time employees who are regularly scheduled for 20 or more hours per week, but less than 32 hours, are eligible for the same seven (7) paid holidays. The Federal holiday is paid whether or not the holiday is your scheduled workday.

If any of the recognized holidays falls on Saturday, it normally is observed on the preceding Friday. If one falls on Sunday, it normally is observed on the following Monday.

Signed: ______________________  Date: ______________________
BEREAVEMENT

Full-time employees will receive a paid leave of three days for the death of an immediate family member. Members of the immediate family include spouses, parents, brothers, sisters, children and parents-in-law.

Full-time employees may take one paid day to attend the funeral of grandparents, sisters-in-law or brothers-in-law.

Full-time employees may take one-half paid day to attend the funeral of aunts, uncles, cousins, nieces or nephews.
JURY DUTY

Full-time employees who are summoned for jury duty will be paid the difference between their normal daily rate of pay and the jury duty pay for the first day, except where state law dictates otherwise. Court receipts must be submitted to receive the difference in pay. Should you have to serve longer than one day on duty, you may take unpaid time off.

Part-time and temporary employees are also paid when summoned for jury duty where state law dictates.

You should make arrangements with your supervisor as soon as you receive your summons. In fairness to our Company, you are expected to return to your job if you are excused from jury duty during your regular working hours.

No adverse action will be taken against an employee who is unable to, or does not obtain, a deferment of jury duty.

Signed: ___________________  Date: ___________________
MILITARY LEAVE

ShopAround respects the rights of workers who serve in the military. The Uniformed Services Employment and Reemployment Act of 1994 (USERRA) will be followed in all appropriate circumstances concerning job and benefit protections for our workers.

All employees who, as reservists or guardsmen, are called to military duty by the United States government are covered as follows:

Compensation: Employees on active duty will receive income supplement from the Company for up to 30 days."

Income supplement is ShopAround pay less military pay. Military pay is that compensation reported on the individual's Leave Earnings Statement (LES).

ShopAround pay is the employee's base salary as of the date active duty begins. It does not include overtime, bonus, or any other form of extra compensation.

For Sales Representatives, ShopAround pay includes base salary plus the average of commissions earned during the 12-month period before active duty begins.

Seniority Status: Employees absent on military leave for 90 days or less are entitled to reinstatement to the jobs they left, with their seniority, status, and pay adjusted for any promotions, pay increases, or other benefits or prerequisites they would have received if they had remained on the job. Employees absent on military duty for longer than 90 days might not be reinstated to the same job.

Signed: ___________________ Date: ___________________
FAMILY AND MEDICAL LEAVE

Eligible employees may take up to 12 weeks of unpaid family/medical leave within a 12-month period and be restored to the same or an equivalent position upon their return to work. The 12-month period in which 12 weeks of leave may be taken will be tracked based on the first day of Family and Medical Leave Act (FMLA) leave. To be eligible for family/medical leave, you must meet all of the following criteria:

1. Have at least 12 months’ service at ShopAround, Inc.
2. Have worked at least 1,250 hours in the past 12 months of service.

If eligible, you may use family/medical leave for any of the following reasons:

1. The birth of a child, and/or to care for such child;
2. The placement of a child with you for adoption or foster care and in order to care for the newly placed son or daughter;
3. To care for your spouse, child, or parent with a serious health condition; or
4. Because of your own serious health condition which makes you unable to perform an essential function of your position.

Any leave due to the birth and care of a child or the placement of a child for adoption or foster care, and care of the newly placed child must be completed within one (1) year of the date of birth or placement. During an approved family/medical leave, ShopAround will maintain your health, dental, and life insurance benefits (if applicable) under the same terms and conditions in effect for employees not on leave.

When spouses are employed by the company, they are entitled to a combined 12-weeks’ leave 1) for birth, adoption or foster care and in order to care for such a child and 2) to care for a parent with a serious health condition. Each employee is entitled to 12 weeks’ leave because of his/her own serious health condition or to care for the serious health condition of his/her child or spouse without counting time taken by the other spouse.

Leave to care for a seriously ill family member or because of your own serious health condition may be taken intermittently (in separate blocks of time due to a single health condition) or on a reduced leave schedule (reducing the number of hours you work per workweek or workday) if medically necessary. Under these circumstances, where leave is unpaid, your salary will be reduced based on the amount of time that you actually did not work during the pay period in accordance with the FMLA. In addition, while you are on intermittent or reduced-schedule leave, ShopAround may temporarily transfer you to an available alternative position which better accommodates your recurring leave and which has equivalent pay and benefits.

To request family/medical leave, you must complete the Request for Leave of Absence form. This form must be submitted at least 30 days prior to your desired leave of absence unless an unforeseen event occurs which prohibits you from doing so. Failure to provide such notice may be grounds for delay or denial of leave. If your need for leave is due to a planned medical treatment, you should attempt to schedule the treatment so as not to unduly disrupt the Company’s operations.

If you are requesting a leave because of your own serious health condition or to care for a parent, child or spouse with a serious health condition, you are required to provide medical certification from the relevant health care provider. If possible you should provide the medical certification within 15 days after you request leave. If you provide at least 30 days’ notice of your need for medical leave, you should provide medical certification before the leave begins. Failure to provide medical certification in a timely manner is grounds for delay or denial of leave.

Where state or local family and medical leave or maternity leave laws offer more protection or benefits to employees, the protection or benefits provided by such laws will apply. Terms within this document are further defined in accordance with applicable family and/or medical leave laws.

Signed: ___________________________ Date: ___________________________
WORKERS' COMPENSATION

On-the-job injuries are covered by our Workers' Compensation Insurance Policy provided at no cost to you.

IF YOU ARE INJURED ON THE JOB:
Immediately report the injury to your manager or, in his/her absence, the supervisor in charge, no matter how minor your injury appears to be. He or she will file the necessary forms on your behalf. Write down the details of your injury, such as how it happened, witnesses or other particulars.

Seek medical treatment, if necessary, and notify the physician that this is a Workers' Compensation injury. The Workers' Compensation insurance carrier will contact you about your claim. Notify your manager if you do not hear from the claims department within a reasonable period of time while you are away from work.

If you are out on a Workers' Compensation leave of absence, you will receive additional information detailing your benefits. If you are eligible for Federal Family Medical Leave Act, time taken for a Workers' Compensation leave may be counted towards total time available for FMLA leave.

If your doctor requires you to stay home from work, your lost time may be covered by our Workers' Compensation Insurance Policy after a waiting period.

Signed: _________________ Date: __________________
SOCIAL SECURITY

Social Security is more than a paycheck deduction. It offers financial security for you and your dependents. Although this is a federally established program, it is your contributions, and ours, that pay for this benefit.

Both you and our Company contribute to provide you with monthly checks and medical coverage once you reach retirement age. For every dollar deducted from your paycheck, ShopAround adds another dollar. These funds are then forwarded to the federal government to support the Social Security Program.

Signed: __________________________  Date: __________________________
TRAINING AND DEVELOPMENT

ShopAround is committed to the ongoing professional development of all employees. Employees are expected to work closely with their Supervisor to facilitate the process of ongoing learning.

Within your location, you will be provided with training that is customized to your position. Because of the technological nature of our business, professional development continues throughout your career with ShopAround.

If employees feel the need for additional training and development, they are encouraged to communicate this request to their Supervisor.

Signed: ____________________ Date: ________________
ON THE JOB

Shop Around
ATTENDENCE AND PUNCTUALITY

Attendance and punctuality are important factors for your success within our Company. We work as a team and this requires that each person be in the right place at the right time.

You are responsible for knowing and following procedures for on-the-job conduct and performance. ShopAround operates on a five-day workweek for full-time employees. Your supervisor will inform you of your hours. If you are unable to report for work on time or expect to be absent for any reason, you must notify your supervisor immediately. Failure to report could result in discharge.

Chronic absence or tardiness affects not only your performance, but the workload of others and will result in disciplinary action. Attendance and punctuality are evaluated when considering future salary increases and promotion.

If you are absent for three days without notifying the Company, it is assumed that you have voluntarily abandoned your position with the Company, and you will be removed from the payroll.

Signed: ___________________________ Date: ___________________________
DRESS POLICY

Employees are expected to maintain high standards of personal grooming and professional appearance.

ShopAround, Inc's Dress Code is "relaxed casual".

Employees are expected to present a neat, conservative, professional appearance. The following table lists "inappropriate" attire:

<table>
<thead>
<tr>
<th>Inappropriate Attire</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ripped/torn pants</td>
</tr>
<tr>
<td>• Sneakers</td>
</tr>
<tr>
<td>• Clothing with obscene or derogatory language</td>
</tr>
<tr>
<td>• Tank tops</td>
</tr>
<tr>
<td>• Hats</td>
</tr>
</tbody>
</table>

If you have any doubts about your clothing, err on the side of caution!

Signed: ___________________________  Date: ___________________________
STANDARDS OF CONDUCT

Each employee has an obligation to observe and follow the Company's policies and to maintain proper standards of conduct at all times. If an individual's behavior interferes with the orderly and efficient operation of a department, appropriate disciplinary measures will be taken.

Disciplinary action may include an oral warning, written warning, suspension without pay and discharge. Exempt employees will be subject to unpaid suspensions only as permitted by the Fair Labor Standards Act (FLSA). The appropriate disciplinary action imposed will be determined by the Company in its sole discretion. The Company does not guarantee that one form of action will necessarily precede another.

The following misconduct may result in discipline up to and including discharge:

- misconduct
- violation of the Company's policies or safety rules
- insubordination
- fighting and gambling
- poor attendance
- unauthorized possession, use or sale of alcohol or controlled substances on work premises or during work hours
- unauthorized possession, use or sale of weapons, firearms, or explosives on work premises
- poor performance
- theft or dishonesty
- physical harassment, sexual harassment or disrespect toward fellow employees, visitors or other members of the public.

These examples are not all inclusive. We emphasize that discharge decisions will be based on an assessment of all relevant factors and will be in the Company's sole discretion.

Signed: ___________________________ Date: ___________________________
PERSONAL TELEPHONE CALLS

It is important to keep our telephone lines free for client calls. Although the occasional use of the Company's telephones for personal calls may be necessary, in general, personal calls are discouraged. If it is necessary to make or receive a call during working hours, keep it as brief as possible.

No personal long distance calls may be made on Company telephones.

Signed: ___________________________ Date: ___________________________
SOLICITATION AND DISTRIBUTION

In order to avoid unnecessary annoyances and interruptions from your work, solicitation by an employee to another employee is prohibited while either person is on working time.

Employee distribution of literature, handbills or other printed materials in work areas is prohibited at all times.

Trespassing, soliciting or distribution of literature by non-employees on work premises is prohibited at all times.

Signed: ___________________  Date: ___________________
VISITORS

If you are expecting a visitor, please notify your supervisor and the receptionist, if one is located at your location. All visitors must first check in at the reception area. Visitors are not allowed in any area of the building without being accompanied by an authorized employee. Under no circumstances will visitors be allowed in confidential or unauthorized areas.

Signed: ___________________________ Date: ___________________________
FALSIFICATION OF RECORDS

No employee shall falsify data or signatures on any Company records or reports including, but not limited to, personal absence, expense reports, sickness, or accident production or client records.

Falsification of any records or reports may result in disciplinary action, up to and including termination of employment.

Signed: ______________________  Date: ____________________
SECURITY POLICY

The resources of the Company are to be used for business use only. ShopAround systems and facilities must not be used in a way that will disrupt, be offensive, harass, or that is outside of the normal business of providing products to the client base.

Purpose
The purpose of this policy is to:
- Ensure integrity, confidentiality and availability of ShopAround’s assets.
- Define the minimum requirements necessary to protect information of ShopAround.
- Provide standards for securing ShopAround data and information.

Scope
This policy pertains to all personnel, consultants, contractors, vendors, temporaries, business partners, and subsidiaries associated with ShopAround, Inc. This policy includes, but is not limited to: systems, software, storage media including printed output, databases, terminals, facsimile machines, voice mail, electronic mail (E-Mail), networks, personal computers, wiring, Internet, Intranet, LANs/WANs, and facilities directly supporting these assets.

Responsibility
The security of ShopAround, Inc. assets is every employee’s responsibility. All personnel are responsible for:
- Maintaining confidentiality of client and Company information.
- Ensuring that said information is accurate and secure.
- Adhering to all security policies as stated in the Employee Handbook.
- Any violation of policy or must be immediately reported.

Basic Principles
Access to and use of ShopAround systems, tools, and information are for business needs only. User passwords and user id must not be shared, unless a manager-approved and documented business need exists for the specific circumstances and individuals. All access to the company systems must be based on unique user id and secure password, with the exception of specifically approved common E-mail boxes or generic accounts. ShopAround reserves the right to monitor, access and review, without notification, any information kept on any media related to ShopAround or on any ShopAround system. Employees must not have any expectation of privacy while using ShopAround resources. ShopAround strongly supports strict adherence to software vendors' license agreements and copyright holders' notices. Third party software purchased by ShopAround must not be copied unless consistent with relevant license agreements and with specific permission from Management. All information generated, provided, stored or developed by ShopAround employees is the property of and legally owned by ShopAround, Inc.

Signed: __________________________ Date: ______________________
ELECTRONIC COMMUNICATION

The electronic communications systems are to be used primarily for business. This includes E-Mail, fax, Internet and Intranet. Use for personal communications or non-job-related purposes (including, but not limited to, solicitations) is discouraged.

Displaying or transmitting any sexually-explicit images, messages, ethnic slurs, racial epithets or anything that could be construed as harassment or disparaging to others is strictly prohibited. Although electronic communication is a less formal communication, nothing should be communicated electronically that would not be published in a written memo. All electronic communication must be in compliance with Company policies including, but not limited to, the following:

- Security
- Non-Harassment
- Corporate Disclosure
- Protecting Company Information

It is prohibited to disclose ShopAround confidential and proprietary information by any means, including the Intranet and/or Internet, without appropriate approvals.

Violation Of Policy

Any employee activity that violates the security policy may result in disciplinary action up to, but not limited to, termination.

Signed: ____________________  Date: ____________________
PROTECTING COMPANY INFORMATION

All employees must be aware of the confidentiality of client information. Disclosure of client information or unseemly behavior toward a client shall be cause for disciplinary action up to and including termination.

Employees in exempt positions must sign the Company's agreement regarding non-solicitation and confidential information.

We discourage you from discussing your salary or other employment information with your co-workers.

Signed: ___________________________ Date: ___________________________
CARE OF EQUIPMENT

It is the responsibility of each employee to properly handle ShopAround property. Company property may not be removed from the premises without the proper authorization of management. Equipment lost, stolen or damaged must be immediately reported to your supervisor. All equipment, including software, must be acquired and installed according to established Company procedures.

Signed: __________________________ Date: __________________________
CHANGES IN PERSONAL DATA

We need to maintain up-to-date information about you so we would be able to aid you and/or your family in matters of personal emergency. Changes in name, address, telephone number, marital status, birth/death in immediate family, number of dependents or changes in next of kin and/or beneficiaries should be given to your supervisor within 30 days of the change. Also, employees need to notify their health coverage provider of the change.

Signed: ____________________________ Date: ________________
MEAL TIME

Lunch meals will be provided on a daily basis at no charge to the employee. Employees will not be paid for the one hour lunch period, and are free to leave the premises and secure their own meal.

Signed: ______________________  Date: ______________________
BULLETIN BOARDS

Information that may be of interest and importance to you is regularly posted on our bulletin boards. These bulletin boards are for administrative use only.

Employees may post information on them with approval.

Signed: ____________________ Date: ____________________
RELOCATION ASSISTANCE

Relocation reimbursement is intended to assist employees who must relocate at the Company's request. Approval by the regional or corporate manager is required.

An employee wishing to relocate for personal reasons may be assisted in locating a job with ShopAround in the desired area, but will not be reimbursed for moving expenses.

For more information, please contact your supervisor.

Signed: ___________________________ Date: ________________
IF YOU MUST LEAVE US

There are two types of termination: one when an employee voluntarily leaves and the other when the Company discharges an employee. If you are thinking about leaving, talk to us before you make a final decision. Sometimes employees are not aware of circumstances that might cause them to change their minds. If you do decide to leave, we request two weeks’ advance notice be given to your supervisor or manager so arrangements may be made to cover your work.

All employees who voluntarily terminate employment must submit a signed resignation statement before leaving the Company.

Final pay will include regular pay for hours worked through the final day of employment, credited PTO and commissions and incentives in accordance with ShopAround, Inc. policies. No pay will be granted for unused sick days. Final pay will be issued on the regularly scheduled payday unless state law requires otherwise.

Medical and dental coverage ceases on the last day of the month in which you terminate. All other coverages cease on the last day worked. Upon termination, if you are covered under our medical and dental plans, you may be given the option to continue your medical and/or dental coverage under COBRA. You may also receive a certificate of group plan coverage.

Any Company property such as office keys, sales binders, training manuals, employee handbook, etc., must be returned to your manager before termination.

Signed: ___________________________  Date: ___________________________
EACH EMPLOYEE'S RESPONSIBILITY

Safety can only be achieved through teamwork. Each employee must practice safety awareness by thinking defensively, anticipating unsafe situations and reporting unsafe conditions immediately.

Please observe the following precautions:

1. Notify your supervisor of any emergency situation. Your supervisor will seek the necessary aid. If you are injured or become sick at work, no matter how slightly, you must inform your supervisor immediately.

2. The use of alcoholic beverages or illegal drug substances, or the abuse of legal prescription drugs during working hours will not be tolerated. The possession of alcoholic beverages or illegal drug substances on the Company's property is forbidden.

3. Use, adjust and repair machines and equipment only if you are trained and qualified.

4. Get help when lifting or pushing heavy objects.

5. Understand your job fully and follow instructions. If you are not sure of the safe procedure, don't guess...ask your supervisor.

6. Know the locations and contents of first aid kits and fire fighting equipment.

7. If there is an unsafe situation involving blood or any other potentially infectious material, do not come into contact with it; notify your supervisor immediately.

8. Practice safety awareness to protect yourself and others.

A violation of a safety precaution is in itself an unsafe act.

Signed: ____________________ Date: ____________________
GOOD HOUSEKEEPING

ShopAround promotes professionalism by maintaining a work environment which is comfortable, clean, and safe. We anticipate that each employee be responsible for maintaining their work environment. The Company is understanding of personal tastes and will not forbid the decoration of personal office space. However, the employee must make sure that no office policy os violated.

Signed: ___________________  Date: ___________________
SMOKING AT THE WORKPLACE

Providing a safe and healthy environment for employees and visitors is one of ShopAround Inc's main goals. Smoking and/or use of smokeless tobacco is not permitted on the premises, unless otherwise designated by management.

Signed: ___________________________ Date: ___________________________
DRUG-FREE WORKPLACE

ShopAround, Inc. has a vital interest in ensuring safe, healthful and efficient working conditions for our employees. The unlawful or improper presence or use of drugs or alcohol in the workplace conflicts with these vital interests. For these reasons, we have established a Drug-Free Workplace Policy. This policy represents management guidelines only and should not be interpreted as contractual in nature.

SUBSTANCE ABUSE POLICY

No employee shall work, report to work or be present on Company premises, in Company vehicles or engage in Company activities while "under the influence" of illegal drugs, alcohol or controlled substances which could affect job performance, health or safety. In addition, the unlawful or unauthorized manufacture, distribution, dispensation, possession or use of drugs or alcohol on Company premises, in Company vehicles or while engaged in Company activities is strictly prohibited. Your employment or continued employment with ShopAround is conditioned upon your full compliance with the foregoing Drug-Free Workplace Policy. Any violation may result in disciplinary action up to and including discharge. Furthermore, any employee who violates this policy may be required, in connection with or in lieu of disciplinary sanctions, to participate in and successfully complete a Company-approved drug or alcohol rehabilitation or assistance program as a condition of continued employment.

REHABILITATION

ShopAround will attempt to assist any employee through referrals to rehabilitation, appropriate leaves of absence and other measures to the extent these measures do not impose an undue burden upon the Company, coworkers or others and/or jeopardize the employee's health and safety or the health and safety of co-employees or others.

Signed: __________________________ Date: __________________________
VIOLENCE IN THE WORKPLACE

ShopAround strives to ensure that our employees continue to work in a safe environment. Workplace violence can take many forms and we make every effort to protect our employees from harm. If an individual’s behavior is found to be violent and causes a threat to our employees during the course of their work, appropriate disciplinary actions will be taken, up to and including termination.

If you receive or observe any threatening communications from an employee or other individual during the course of your work, report it to your supervisor/manager immediately. Do not engage in either physical or verbal confrontation with a potentially violent individual. If you encounter an individual who is threatening immediate harm to an employee or visitor to our premises, contact an emergency agency (such as 911) immediately.

All reports of violence will be kept confidential to the extent possible, investigated promptly and documented. Employees are encouraged to report any violent threats or behavior and to cooperate in any investigation of such violence. Your failure to report or fully cooperate in the Company’s investigation may result in disciplinary action.

If at any time you have comments or suggestions on issues of violence, please contact your manager or supervisor.

Signed: ___________________________ Date: ___________________________