



EMPLOYEE RELATIONS RISK CHECKLIST FOR SMBS



Protect Your Business Before a Complaint Becomes a Lawsuit

Every growing business eventually faces an employee relations issue. A complaint. A termination that feels unfair to someone. A disagreement that escalates faster than expected.

This checklist gives you a practical way to evaluate where your business stands right now, before that event happens. Work through each section honestly. Every unchecked box is a gap worth closing.

Section 1: Complaint Documentation Process

A documented, consistently followed complaint process is your first line of defense. If a claim ever reaches a courtroom, this is often the evidence that determines whether your business is protected or exposed.

Check the boxes that apply to your business today:

- ☐ We have a written procedure for how employees submit complaints.
- ☐ Employees know who to go to and how, without guessing.
- ☐ There is a clear alternative path when the complaint involves the employee's direct manager.
- ☐ Every complaint is logged in writing, including the date, details, and parties involved.
- ☐ Investigations follow a consistent, repeatable process.
- ☐ Outcomes and resolutions are documented and retained.
- ☐ Records are stored securely and can be retrieved quickly if needed.
- ☐ Managers are trained to escalate complaints rather than resolve them informally.
- ☐ Employees receive written acknowledgment when a complaint is submitted.

Why it matters: When a complaint is not recorded, it becomes your word against theirs. A structured process turns informal conversations into a defensible paper trail. It shows your business took the concern seriously and acted appropriately.

Section 2: Anti-Discrimination Policy Guide

Discrimination claims are among the most common and most costly employment lawsuits small businesses face. A clear, current policy is essential. But only if it is actually communicated and enforced.

Check the boxes that apply to your business today:

- ☐ We have a written anti-discrimination policy covering all protected classes under federal and Texas law.
- ☐ The policy is included in our employee handbook.
- ☐ New hires receive and acknowledge the policy in writing during onboarding.
- ☐ The policy is reviewed and updated annually to reflect current law.
- ☐ Employees are trained on what discrimination looks like and how to report it.
- ☐ Managers are trained on how to respond to discrimination concerns.
- ☐ Retaliation protections are clearly stated and enforced.
- ☐ Reasonable accommodation procedures are documented for disability and religious requests.
- ☐ The policy is available in the languages spoken by our workforce.

Why it matters: A policy that exists only on paper offers little protection. Consistent training and communication show that your business does not just have a policy. It actively upholds it.

More gaps than you expected? You are not alone. Most Texas SMBs identify 6 to 10 gaps in their employee relations risk process the first time they run this exercise. The good news is that these gaps are fixable. solveHR helps growing businesses close them before they become claims.

[Talk to a solveHR expert today.](#)

Section 3: HR Policy Audit Checklist

Beyond complaints and discrimination, your broader HR policies need regular review. Outdated or missing policies are often the quiet gaps that turn a manageable issue into a legal one.

Check the boxes that apply to your business today:

- ☐ Our employee handbook has been reviewed and updated in the last 12 months.
- ☐ Termination procedures are documented and followed the same way every time.
- ☐ Worker classifications (W-2 vs 1099) are reviewed at least annually.
- ☐ Wage and overtime practices are compliant with current federal and Texas law.
- ☐ Leave policies (sick, family, medical, PTO) are clearly documented and communicated.
- ☐ Performance reviews follow a consistent, documented process.
- ☐ We have a defined process for handling workplace investigations.
- ☐ Job descriptions are current and match what employees actually do.
- ☐ I-9, W-4, and required onboarding documents are complete for every employee.
- ☐ We have access to HR expertise when questions or gray areas come up.

Why it matters: Employment law changes every year. Policies that were compliant two years ago may not be today. Regular audits catch small gaps before they become expensive problems.

Section 4: Texas-Specific Compliance Considerations

Federal law sets the floor. Texas businesses face additional compliance layers that many owners overlook, especially when they operate across multiple cities or hire remote workers from other states.

Check the boxes that apply to your business today:

- ☐ We understand which of our practices fall under the Texas Workforce.
- ☐ Commission (TWC) versus the EEOC.
- ☐ Our at-will employment language is documented in offer letters and the handbook.
- ☐ We know the Texas Payday Law requirements for final paychecks after separation.
- ☐ Our unemployment insurance reporting is current with the TWC.
- ☐ Workers' compensation coverage is in place or an alternative plan is documented.
- ☐ We track hours accurately for non-exempt employees, including remote work.
- ☐ We understand which local ordinances apply to our operating cities (Austin, San Antonio, and Dallas have city-level rules that differ from state defaults).
- ☐ We have a plan for handling employment verification (E-Verify or I-9) audits.

Why it matters: Texas gives employers meaningful flexibility, but that flexibility only holds when documentation is in place. Owners who rely on “at-will” as a defense without the paperwork to back it up often find that defense does not hold when a claim is filed.

Where Do You Stand?

Count the unchecked boxes across all four sections.

0 to 5 unchecked: Strong position. Your employee relations risk management is largely in place. Focus on annual reviews, manager training, and staying current with regulatory updates.

6 to 12 unchecked: Moderate exposure. You have a solid foundation in place, but specific gaps could create real risk over the next 12 months. Prioritize closing the highest-impact gaps first, including complaint documentation, termination procedures, and worker classification.

13 or more unchecked: High exposure. Your business may be operating with meaningful legal risk. This is not unusual for growing SMBs, especially those that have scaled faster than their HR structure. A structured HR partner can help you identify and address the most critical gaps within 60 to 90 days.

Close Your Gaps Before They Become Claims

You don't need an in-house legal team to protect your business. You need documented policies, consistent processes, and a partner who understands the challenges Texas small businesses face.

[Talk to a solveHR expert today.](#)

This checklist is a general risk assessment tool for informational purposes only. It does not constitute legal advice. Employment law is fact-specific, and your business's exposure depends on details this document cannot fully capture. For specific compliance questions, contact solveHR or a qualified employment law attorney.