

# HR Roadmap for Growing Businesses: What to Build and When

**We believe that HR is needed the minute you have your first employee.**

Sure, not full-time, robust human resources support, but support nonetheless. Hiring your first employee certainly has HR implications and the more you hire, the more those implications grow. Without a clear roadmap, small employers (1-500 employees) can struggle with compliance, employee management, and scaling their workforce effectively.

Effective HR in a small employer encompasses compliance, infrastructure and strategy. Strategy informs infrastructure which builds on compliance. So while it seems that compliance may be all that is needed in the beginning, thinking about your HR strategy early will ensure that you build how you want rather than allow something to grow that you never intended.

This guide breaks down what HR functions to establish at each growth stage so you can build a strong, strategic HR foundation.

## Stage 1: Startup (1-10 Employees)

Focus: Compliance & Basic HR Processes and Strategy

- ✓ **Legal & Compliance:** Ensure compliance with federal, state, and local employment laws. Set up basic HR policies.
- ✓ **Payroll & Benefits Setup:** Register for employer tax IDs, classify employees correctly (W-2 vs. 1099), and set up payroll. Consider offering basic benefits.
- ✓ **Hiring & Onboarding:** Create clear job descriptions and an offer letter template. Standardize a simple onboarding process.
- ✓ **Employee Handbook:** Establish basic policies on time off, conduct, and workplace expectations.
- ✓ **Recordkeeping & HR Systems:** Maintain employee records, I-9s, and payroll documents securely. Consider a simple HRIS.

### Strategy

Begin to think about, and implement where you can, what type of employer you want to be when it comes to compensation, benefits and engagement. What do you want employees to say about working for your organization as it grows? As you have the budget and resources, ensure you are putting infrastructure in place that supports those ideas.

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## Stage 2: Early Growth (11-50 Employees)

Focus: Culture, Performance & Employee Experience

- ✓ **HR Function Expansion:** Appoint an internal HR lead or fractional HR support. As you get to the higher end of this employee number, you will want someone with HR experience managing HR. They may not need to be full-time, but should have strong knowledge in building infrastructure and strategy.
- ✓ **Employee Experience:** Develop clear career paths, feedback loops, and engagement initiatives.
- ✓ **Performance Management:** Implement performance reviews and goal-setting frameworks.
- ✓ **Compensation & Benefits:** Evaluate salary structures, expand benefits, and consider retirement plans (e.g., 401k).
- ✓ **Diversity, Equity & Inclusion (DEI):** Begin laying the foundation for inclusive hiring and workplace policies.

**Strategy:** This stage is a heavy infrastructure and strategy phase. Be sure to think about putting systems and processes in place that can scale with the growth of your business. It's ok to try things and iterate on what works. Just be transparent with employees that, just like children learn as they grow, so do businesses.



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## Stage 3: Scaling (51-150 Employees)

Focus: HR Strategy & Retention

- ✓ **HR as a Business Partner:** Align HR with business goals, workforce planning, and leadership development.
- ✓ **Employee Relations:** Establish structured processes for conflict resolution, investigations, and employee engagement.
- ✓ **Advanced HR Tech:** Invest in an ATS (Applicant Tracking System), HRIS upgrades, and people analytics tools.
- ✓ **Learning & Development:** Introduce leadership training, skills development programs, and mentorship opportunities.
- ✓ **Compliance Complexity:** Stay ahead of multi-state employment laws and enhanced reporting requirements.

**Strategy:** Once you have surpassed 50 employees, and certainly as you get closer to 150, the expectations that you behave like a grown up employer are high. All basic infrastructure should be in place allowing the HR team to refine what employee experience and growth looks like.



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## Stage 4: Maturity (150-500 Employees)

Focus: Optimization, Succession & Long-Term Strategy

- ✓ **Strategic Workforce Planning:** Design succession planning and leadership pipeline initiatives.
- ✓ **HR Metrics & Analytics:** Leverage data to assess turnover, engagement, and business impact.
- ✓ **Total Rewards Strategy:** Refine compensation philosophy, stock options, or bonus structures.
- ✓ **Scalability & Process Efficiency:** Automate HR workflows and optimize for continued business growth.
- ✓ **Employer Branding & Talent Attraction:** Strengthen employer brand and recruitment marketing strategies.

**Strategy:** At this stage, HR should be viewed and working as a business partner as any other head of a department would be. A dedicated budget should be given to HR to implement sophistication into their already established processes. At this number of employees, manual, hard to navigate processes is going to stall growth rather than support it.



**Building an effective HR function isn't about doing everything at once—it's about knowing what to focus on at each stage.**

This is the roadmap we follow with our clients. When they sign on, we look at the number of employees they currently have, what strategy and infrastructure exists and then catch them up if needed or build on the next phase. This is what good HR looks like in a small employer. At the risk of sounding dramatic, but true nonetheless, its existence makes or breaks long term success and growth of the organization.

Need help implementing HR at your stage of growth?

**We can help. Contact us today!**

