

Standardized Leave Policy Eliminates Favoritism, and Lawsuits

Client Challenge:

A small, family-owned company decided to provide a generous maternity leave benefit to a key employee who had been with the company for some time. The company only has five employees, and they had no formal employee handbook, only detailed offer letters and a few randomly written “policies,” but nothing addressing maternity leave.

While this one employee was on maternity leave, a new employee, who had only been with the company for a few months, became pregnant and demanded the same benefit. The company had not intended, nor could they afford to offer the same maternity leave to employees at lower levels in the organization who had little tenure with the company.

Unfortunately, the company had set a medical leave precedent by granting one employee generous maternity leave, and now they risked a discrimination lawsuit if they didn’t extend the same benefit to new employees. The new employee took full advantage of the full leave coverage, i.e., “make whole” pay (which supplements state disability), and she took extended leave time; she then left the company at the end of the maternity leave period.

The PCG Solution:

To eliminate this problem in the future, Pacific Crest Group created a standardized maternity leave and disability leave policy as part of a comprehensive employee handbook. Once all the policies and procedures had been detailed in an employee document (with a signed acknowledgement from the employees), there was no question of favoritism or bending the rules for different employees.

Where PCG Created Value:

- Advised the client regarding potential legal risk by not having formalized policies and procedures.
- Created a comprehensive employee handbook to cover issues such as medical leave.
- Trained key staff members in how to apply the policies in a fair and objective manner to minimize the potential for discrimination.