



EMPLOYEE MANAGEMENT FOR SMALL BUSINESS

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Introduction

Regardless of the economic environment, it is always challenging to assemble a capable, well-functioning workforce — and even harder to maintain one. Finding, hiring, motivating, coaching, disciplining, and developing employees is always a top priority for most businesses.

While establishing a well-functioning staff may not appear straightforward, it is a linear process. From hiring, and through orientation and development, you have the ability to select and nurture employees to closely fit your company's culture and performance requirements. Of course, at any given time you have employees who are at different stages along this linear process — from the yet-to-be-hired unknown candidate to the seasoned, high-performing veteran, and every stage in between. This process is complex, as you must rely upon the

skills and intuition of hiring managers — each of whom have their own management challenges and varying positions along the developmental continuum.

Inevitably, though, human resources management is a process — a process that can be effectively and productively managed. *Employee Management for Small Business* provides both forms and philosophy for effectively managing your investment in human resources. It contains practical information (human resources forms, completed sample forms, useful checklists, tables, and discussion of important legal issues) to help guide you through every stage of the employee development cycle. Anyone who manages people will find this book to be an invaluable and comprehensive resource, whether they manage 1, 100, or 1,000 employees.



1

Do You Really Need a New Employee?

There comes a point in every business life cycle when the amount of work seems to surpass the number of hours that existing employees have to do the work. Employees will approach supervisors and say, “I have too much to do.” Supervisors will approach management and say, “We have too much to do. We need to hire more people.” Management will ponder and, far too often, respond, “Okay. Let’s hire some more people.”

1. Why Hiring Isn’t Always the Answer

The next time an employee or manager comes to you and says, “We’re too busy,” remember these three words: “Busy is good.”

Busy is good. Busy means that you are obtaining value from your investment in human resources. When employees are not busy, it means that you are paying for time that is not being fully utilized. Certainly there is a gray area between not being busy enough and legitimately being so busy that the quality of output begins to suffer. Adding additional staff at the proper time is somewhat of a science. It pays, though, to err on the side of caution for the following reasons:

- (a) Human resources are a substantial investment for most companies. They represent a significant portion of your overhead costs. More overhead means less profit. Small companies sometimes have a tendency to view human capital as a measure of their success. The more employees the company employs, the more successful the company must be, right? Not necessarily. Using growth in employee numbers to represent growth in your business success is a dangerous exercise. Employees add cost. If revenue is not surpassing the added cost of additional employees, your business is not growing. Growth is only measured through profit.
- (b) Human resources represent a significant potential liability to your company. It is no secret that labor laws have become increasingly stringent and that employers frequently feel themselves stymied by restrictions that apply to their hiring, promotion, disciplinary, and dismissal procedures.

Make the wrong move and you could pay for it — dearly.

- (c) Unless your need for additional human resources is real, you may find yourself facing an uncomfortable downsizing or layoff situation. Being overstaffed could mean that you will be in a position where you have to cut costs to maintain the margin you need to survive as a business. Cutting costs frequently means cutting employees. There is no more difficult task for any businessperson than letting valuable people go.

2. Alternatives to Hiring

Let's assume that one of your company's supervisors has come forward with a request for additional staff. Your company takes a reasoned and cautious approach to the addition of new employees, so you decide to explore other alternatives to adding a full-time staff person. What might those alternatives be?

2.1 Reviewing work processes

First make certain that the work that is being done is critical to the production of your company's end product or service. Frequently, as companies grow, jobs begin to take on a life of their own, with the jobholder determining what needs to be done. That individual's belief may or may not reflect what the business owners believe needs to be done. Continual review of work processes and close contact with supervisors and managers to ensure that employees are using their time most effectively and efficiently to contribute to the goals of the organization are the best ways to maintain a smoothly running operation. (See Chapters 9 and 15.)

In addition, whenever a request is made for a new hire, you are presented with an opportunity to critically assess the nature of the position and the work that is being done. Even if there is currently a person in the position and the request is simply for a replacement, it is wise to take the time to evaluate the need for the position as well as the need for each of the individual tasks and assignments that make up the position.

Reviewing work processes is an exercise that should involve employees, supervisors, management — anybody in your organization with an awareness of the position and how it is currently performed, as well as people who have a close understanding of the company's overall business goals and objectives. Some questions to consider during this process:

- Does this task need to be done to meet the company's goals and objectives?
- Does this task need to be done by this position?
- Could the task be more efficiently accomplished in some other part of the company?
- Could the task be streamlined through technology or job restructuring?
- Is this a long- or a short-term need?

2.2 Hiring temporary workers

Temporary workers have assumed an important place in the ongoing personnel strategies of many companies, large and small. The cost savings of staffing with temporary employees can be attractive to many businesses, especially in an atmosphere of downsizing, restructuring, and cost cutting. Hiring temporary staff should not be done casually, however. Many companies simply call a temporary agency and

say something like, “Send me someone who knows Windows.” They may not realize that they have the option of interviewing temporary candidates just as they do when hiring an employee, and they should certainly take advantage of this option to ensure a good fit (see Chapter 2).

The human resources department plays a critical role in defining the relationship between the temporary worker and the organization. In addition to selecting the most appropriate candidate, a key to establishing a successful temporary work relationship is setting clear expectations. Too often temporary workers seem to become “part of the woodwork.” They work at a company through the temporary agency, yet they feel a close affinity with the company they physically operate from each day. This can lead to frustration both for the temporary worker and for other employees, who wonder, “Why don’t we just hire this person full time and provide them with benefits and proper pay?” The perception can be that the company is taking advantage of the temporary worker. It is critical to make clear at the outset exactly what is expected of the temporary employee and what the length of the relationship will be. Having done this, companies must also ensure that they communicate any changes in expectations as time goes by. This is an ongoing activity, not something that can be done once at the beginning of a relationship, and then ignored.

It is important that companies be able to explain — to managers and employees, as well as to the temporary employee — the basis behind the decision to make the position a temporary one.

One reason you should carefully manage the relationship between your company and any temporary employee is the possibility of

co-employment. Co-employment occurs when two or more companies (typically your company and a temporary agency) jointly administer responsibilities, salary and benefit reviews, counseling, and selection or termination of an assignment employee. If co-employment is found to exist, each company is liable for the employment decisions made by the other. If an assignment employee files a legal complaint and wins, both the agency and the client company could be responsible for any damages awarded.

To avoid problems with co-employment in your temporary employee work arrangements —

- report any absences, tardiness, or unacceptable behavior to the agency;
- refer all questions relative to pay, benefits, duration of position, or opportunity for employment to the agency;
- inform the agency about any changes in an employee’s work schedule; and
- assist the agency in evaluating employees by completing quarterly or annual surveys.

Do not —

- inform any temporary employee that he or she is terminated or suspended — notification must come through the temporary agency;
- discuss pay rates, increases, incentives, or bonuses;
- discuss opportunities for full-time employment;
- extend an offer for employment; or
- request that an assignment employee complete timecards/forms with your company’s name on them.

2.3 Working with interns

Universities and technical colleges can be good sources of experienced and low-cost/no-cost assistance for your business. If you're not already working with interns, it's an area you should explore. There are benefits and rewards for all involved.

For the company, it's an opportunity to work with ambitious, energetic, creative, and enthusiastic people — often at a very low cost. For interns, typically students, it's a great way to earn a grade and credits and, in some cases, a stipend for their time.

When it comes to making the intern relationship work, the onus lies with the employer. Having clear objectives, a solid structure, and a willingness to commit your own time and energy to the relationship will have a significant impact on the success or failure of your interns. These are “must haves,” in fact, to even be considered as a potential “home” for an intern.

Internships that work best are those that are structured. Most need to be approved by the school that is providing the intern so it makes sense to have written directives available in advance. This also serves to ensure that there is no room for misunderstanding between you, the school, and the student. In essence, you should consider the internship in the same manner as you would a job.

Interns need to feel valued just as employees do. One common issue for interns is feeling as though they are not being fully utilized. Avoid the tendency to have interns work on menial tasks and provide them with opportunities to learn skills and engage in activities directly related to their courses of study.

Interns' output should be overseen just as any employee's work would be. Toward this end,

it is important to make it clear who the intern reports to and who is responsible for overseeing their work and providing feedback. Again, the intern experience should be as close as possible to the experience of a typical employee.

Since competition for interns can be fierce — especially for the best and the brightest — and since schools are concerned about educational outcomes, speaking in their language can help you get noticed — and get an intern. For example, if you're looking for a graphic designer, highlighting the specific learning objectives or competencies from the intern's or school's perspective will get you noticed. Some pertinent objectives might include:

- Learn to design user-friendly and visually appealing forms and documents.
- Develop skills in working with print vendors to produce documents.
- Build personal portfolio of materials produced.

A good starting point in developing meaningful objectives can be taking a look online to review various curriculum to see what schools are hoping students will gain through their courses.

Although larger companies often have an edge, small organizations have a lot to offer too and can sometimes be especially attractive to students because of the ability to gain a broader perspective, rather than being focused on just part of a process. Small companies can effectively compete with larger, more established firms, by selling themselves as though they were selling to a client: “This is what we have to offer. This is what the student is going to get out of the experience.”

While not all internships are paid, some amount of compensation can help. While

students may simply be eager to gain experience to boost their employability, offering compensation can set you apart and make your opportunity that much more attractive.

The steps involved in obtaining an intern generally include:

- Clearly defining what your internship needs are — in writing
- Clarifying and writing objectives (based on curriculum needs)
- Contacting schools' career services or internship departments
- Filling out required materials
- Interviewing candidates
- Making your selection and notifying the school
- Completing follow-up paperwork
- Completing required evaluations (based on the school's expectations)

2.4 Working with freelancers

More and more small businesses are relying on freelancers to provide services ranging from copywriting to strategic planning. It makes good sense. You hire the help you need when you need it, and you are not faced with the burden of paying a full-time salary. One of the best referral sources for freelance assistance is other small businesses. Ask your colleagues who they have used and what results were obtained. Were they horrified, dissatisfied, satisfied, or elated with the results? Were deadlines met? Would they use the same person or company again?

The best freelancers to hire are those who have already worked for other companies in the same business as you. They will already

have knowledge they can draw from, and you will save time in briefing them and feel more confident that the finished work product will be acceptable.

Just as when you are hiring temporary employees through an agency, the more precisely you can indicate what you are looking for, the more likely you are to get what you want. This seems to make perfect sense, but many employers get lazy at this point and provide sparse instructions.

Know what you want when you make your initial assignment. Put your requirements, payment agreements, and any other important elements of the relationship in writing so that both you and your freelancer have guidelines to follow and are clear about what is expected.

Assign someone in your company to be the person through whom communication can be channeled from the off-site employee to others in your company — and vice versa. This individual will need to keep up to date on what projects the employee is working on, what his or her schedule looks like for the future, when he or she will be in the office, etc.

Regardless of how good the person you are working with is, if you are not able to communicate effectively with your freelance help, your projects are destined for disaster. You need to be open, honest, and thorough when explaining a project and reviewing completed work. Here are some tips for working effectively with outside help:

- Talk about price up front. Get a written estimate that spells out what is to be done, when it is due, when money will be paid, what circumstances would result in additional charges, and what happens if you are not satisfied with the work.

- Provide ample informational material. The more information you can provide, the happier you will be with the completed project.
- Be available to answer questions, review work, etc.
- Be open to new ideas. Don't interfere. Don't tell your freelancers how to do their job. That is what you are paying them for. But ...

- Don't be afraid to speak up if they are way off base. Be constructive in your criticism.



Working with temporary employees and freelancers can be a good alternative to hiring permanent staff members. Sometimes, though, these temporary solutions just are not appropriate. When that's the case, you need to begin preparing for hiring.