

Stronger economy = adding staff?

Decision checklist

By **Kevin Leahy**
Executive Director
Clatsop Economic Development Resources

Most small businesses start with one employee — the owner. At some point, though, you will need to hire additional people to assist you. Usually this point comes when you begin to lose business simply because you can't keep up, or you are burning the candle at both ends, or both!

With the economy coming back from the pandemic in our region and the difficulty in recruiting and retaining strong talent, make sure you do your homework and due diligence before hiring.

The right employees can be tremendous assets in

helping you achieve your goals; if managed and motivated correctly, they can take your business far beyond where you could take it by yourself. Good employees can take over much of the responsibility for running the business, leaving you free to pursue new income-producing strategies or to take a much-needed vacation.

Whether it's a counter clerk or a manager, adding an employee adds a whole new dimension and level of challenge to owning a small business. You will want to consider some important issues before you make the decision to hire.

Decision to add an employee

Here are some critical questions to help you determine whether your business is ready for its first or next employee.

Do you really need additional employees? Before

you bring people on board, make sure that you have specific job descriptions for them and can identify their key responsibilities. Don't hire someone with only the vague sense that you can use the help or would like the company, especially in this very competitive job market.

Do you have the skills to manage the work of others? When you hire employees you assume responsibility for supervising their work and encouraging and motivating them to achieve an expected standard of performance. You will be both a manager and a coach and will want to provide an environment that offers employees the opportunity to grow professionally and financially.

Are you ready for the financial responsibility of employees? When you add employees, you take on significant responsibility for other people's financial well-being. You will want to make sure that the business is on solid footing and will be able to pay the employees' salaries and benefits for the foreseeable future.

Are you willing to abide by regulations regarding employment practices? There are several federal and state laws regulating employment practices and labor relations. Many have severe penalties for noncompliance.

Do you have enough room and the right equipment for employees? In order to be successful, your employees will need space and the proper equipment, including things such as office furniture, telephones and computers. Trying to share important equipment may actually decrease total productivity rather than improve it.

Alternatives to hiring an employee

Independent contractors. Independent contractors are self-employed individuals who act as consultants to your business by contracting to handle certain responsibilities or projects. Most independent contractors have an expertise in a particular area, such as accounting, marketing or computer-systems management. They are paid on an hourly, project or retainer basis and are completely responsible for paying their own taxes and employee benefits.

If you plan to use independent contractors, you need to be aware of the strict criteria used by the IRS to distinguish between an independent contractor and an employee. This information is readily available by calling an accountant or the IRS.

Temporary agencies. Temporary agencies offer a wide array of talent, from clerical employees, warehouse and construction workers, to professionals such as CPAs. Since you can obtain temporary employees on short notice and dismiss them at will, an agency may be an excellent solution when you require help immediately or need it only for brief periods of time — for example, to assist with a seasonally heavy sales period. Although the cost per hour for a temporary employee is probably higher than what you would pay a traditional employee for doing the same job, you don't have to worry about payroll or benefits; you simply pay the invoice submitted by the agency.



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The hiring process

Whether you decide to hire an employee or independent contractor, there are five steps to the hiring process.

- Writing the job description
- Publicizing the job opening
- Screening candidates
- Conducting interviews
- Making the offer

As an employer, you want to hire and retain employees most qualified for the positions within your company. To do this, you need to define who you are looking for and what's expected of them once they are on board.

Each position within the company, including your own, should have a job description that outlines responsibilities and duties and includes a list of the position's objectives with specific and measurable goals. Each description should include reporting relationships. The job description provides you and the employee a clear road map for the expectations of the position, from the standpoint of both workload and expertise required to accomplish the job.

Job application forms (online or printed) for your company should be simple and focus on relevant employment history, including names of supervisors and references you can contact. Provide space for the applicant to summarize career accomplishments.

At the interview stage, you want to learn as much as possible about the person's job skills, work ethic and personality. Ask specific questions that require more than a yes or no answer. The more dialogue, the more you learn about the applicant. More information will help you to make an informed decision.

Always check references. Competent and friendly employees make a positive statement about your business to customers. An applicant who interviews well and has a sterling resume may not be the ideal fit for the job. References will validate your impressions, and expand on areas not covered in the interview. This is also a way to learn more about potential weaknesses as well. What a reference says or does not say gives you clues as to the character and skill of your candidates. Take all of this information into account before you form your final opinion of a given candidate.

In our Clatsop Community College Small Business Development Center advising appointments, we find too often not enough time and energy is spent in hiring, retaining and growing the right staff, and the results of this are low morale, poor sales, high turnover, weak customer service and customers that won't come back into your business again.

Make the human resource function a top priority, and you will reap the rewards of a loyal staff, fun (but professional!) work environment, increased sales and peace of mind for you when you are not physically at your place of business. The value of all that for you as the business owner or manager is immeasurable.

Kevin Leahy is the executive director of Clatsop Economic Development Resources and Clatsop Community College Small Business Development Center.



ANNUAL BUSINESS AWARDS

CLATSOP COUNTY'S OUTSTANDING BUSINESSES

MAY 20, 2021 - 5:30-6:30 PM

The Board of Directors and Staff of Clatsop Economic Development Resources invites you to attend the CEDR Awards event which will be held virtually via ZOOM this year.

Help us honor leaders who stood above the crowd within their individual business or were visionary in supporting the business community in actions and deeds. This is the only county-wide business recognition event.

To RSVP: www.clatsopcc.edu/cedr

Pre-registration is required. The event will be at no charge, thanks to our generous sponsors.

Questions? Email cedr@clatsopcc.edu or call 503-338-2402