Hiring Practices

Many small businesses start out with one or two people and then as the business develops the question of hiring other folks needs to be addressed. The big question is how do you find qualified, motivated employees whom you can rely on as you run and grow your business. The answer to that question is to start off on the right foot because good hiring practices are crucial.

I will remind the CEO again that planning for employees is key. I suggest doing a simple job analysis because completing it requires you to think carefully about the position(s) and the qualities needed to fill it. As a result, you’ll be more selective and make more thoughtful hiring choices, reducing turnover.

So, the first question of the CEO is... Are you ready to hire employees? If so, have you thought through this important decision. I suggest doing a job analysis for each position you want to fill. Even if you don’t plan to hire in the near future, doing this exercise for a position you currently have—or would like to add—is good practice. The job analysis should include:

- **DUTIES:** What the employee will do on a day-to-day basis
- **JOB GOALS:** How this job fits in with other employees on your staff and your overall business goals
- **JOB REQUIREMENTS:** These might include frequent travel, working night or weekend shifts, or physical requirements, such as being able to lift a certain amount of weight.
- **METHODS AND EQUIPMENT:** How the job will be performed and what equipment the employee will need to use
- **EXPERIENCE, SKILLS AND TRAITS NEEDED:** What past job experience is needed to fill this job? What special skills are needed? Include any degrees, training or certifications required. Also include personality traits, such as is there a need to be “self-directed”, “multitasker,” etc.
- **SALARY OR PAYMENT:** How will the employee be compensated—hourly or salaried? Per project? On commission?
When you’re ready to hire, keep in mind that full-time, permanent workers are not your only choice. Here’s a look at different types of employees and the advantages and disadvantages of each.

**FULL-TIME EMPLOYEES**

**Advantages**

- **COMMITMENT:** Full-time employees are likely to be more committed to your business.
- **TIME:** Full-time employees can work longer hours.
- **TRAINING:** Because they are full time, you can offer them training and long-term development.

**Disadvantages**

- **COST:** There may be an added cost (up to 20 or 30 percent of salary) for employee benefits.
- **LEGAL ISSUES:** Hiring full-time employees opens your business up to many legal issues.

**PART-TIME EMPLOYEES**

**Advantages**

- **COST:** Part-time employees cost less since they are typically hourly, not salaried.
- **FLEXIBILITY:** Part-timers often don’t expect to work traditional business hours.

**Disadvantages**

- **COMMITMENT:** Part-time employees may be less committed to your business than full-timers.
- **TIME:** They may lack the time, dedication and know-how your business needs.
TEMPORARY EMPLOYEES

Advantages

AGENCY ASSISTANCE: The temporary agency finds the workers for you and handles all legal, tax and paperwork issues.

SPECIALIZED EMPLOYEES: Temporary agencies offer highly specialized workers, including medical and legal staff, managers and more.

FLEXIBILITY: You can hire temporary workers when you need them and let them go when you don’t.

COST: Since they don’t get benefits, temporary employees save you money.

Disadvantages

COMMUNICATION: Working with someone outside your business can create communication challenges.

ACCOUNTABILITY: A contractor may not deliver, leaving you in the lurch.

NOT SOLE CLIENT: Sometimes other clients’ projects may take priority over yours.

TAX AND LEGAL ISSUES: You must make sure your independent contractors meet the proper legal criteria. Visit the IRS website (www.irs.gov) for more information.

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