

It's your business



It's an oft-quoted cliché that employees are a company's most valuable asset. Try generating revenue with unmotivated or unskilled employees, and you'll soon discover that the cliché rings true. Here are some suggestions for hiring the best, then managing them to create a workforce that contributes to your company's success.

Make smart hiring decisions

Before you can concern yourself with retaining good employees in your business, you must first find and hire them. How do you find the best? Consider these suggestions.

- *Job descriptions.* Work with current employees to develop a job description that accurately portrays the essential skills and personality characteristics needed for the job.
- *Applicants.* Publishing ads may not be the most efficient way to find the right person. Instead try referrals from employees, vendors, and others.
- *Interviews.* Train interviewers to ask questions that elicit critical information and that determine whether the applicant will “fit” with your other employees and customers.
- *New hires.* Assign a current employee to help the new employee fit in.

Hiring the right person begins with the right search. Reevaluate your current hiring process and adjust it to improve your chance of hiring employees who are a perfect fit for your company.

Get your money's worth

Businesses fly or die by one word: profitability. Yet employees, one of the most crucial factors of all, are rarely measured for profitability. Are you getting your money's worth from your employees? Here's how to find out.

First, calculate the total cost of each employee. Salary is just the starting point; add in payroll taxes and the cost of insurance, retirement plan matches, administrative expenses, vacation, sick leave, and any other employer-provided benefits. Second, calculate the employee's contribution to profits. You may already be tracking this through sales or production reports. Once you have the components, you can calculate each employee's profitability.

Motivate employees to excel

A motivated staff is a productive staff, and without incentives, your best people could leave for more satisfying endeavors. Pay and benefits are important, but they're only the beginning.

To retain your best people, do the following:

- Establish reasonable, objective work standards, and base rewards and promotions on those standards.
- Communicate your standards clearly, and provide whatever training is needed. Then give your employees the leeway to do their jobs. Focus on results, and let your staff determine the process.
- Avoid showing favoritism, particularly if your employees include family or friends.
- Encourage your people to offer input about work issues. If their suggestions result in significant improvements, reward them with bonuses or other incentives.

Cross-train employees

Cross-training, or job rotation as it's sometimes called, can be a win-win situation for you and your employees.

At its simplest, you rotate employees to learn different job skills within a department. Or you might move people to different departments for a formal three- or six-month assignment. In some cases, it's a regular progression of assignments designed to move an employee up the career ladder.

Advantages for the company include greater flexibility in moving staff to deal with unexpected workload, greater teamwork between departments, and development of a broader range of skills in employees.

Improve employee evaluation

Employee performance reviews are usually dreaded by both supervisor and employee. To improve the process, consider making appraisals less of a "special event" and more of a routine exchange of information.

If an employee does something wrong, or something good, tell him or her immediately. Point out the problem, make sure the employee acknowledges it, and make clear what you expect in the future. If it's something good, the employee will appreciate receiving a pat on the back. With immediate feedback, there should never be any surprises at a more formal performance review.

Keep employees informed

Make your employees aware of their total compensation package. After all, your employees can't appreciate all those extra dollars the company pays if they don't know about them. Review the total benefits package during the employee's annual review.

Your benefits summary should include such items as the following:

Salary \$ _____

Bonus \$ _____

Pension plan contribution \$ _____

Deferred compensation \$ _____

Medical and dental insurance \$ _____

Life insurance \$ _____

Disability insurance \$ _____

FICA (social security & Medicare) \$ _____

Worker's compensation \$ _____

Unemployment insurance \$ _____

Total wages and benefits \$ _____



Also include the number of paid vacation days, personal days, sick days, and the value of employer-provided benefits such as work clothing, parking, and meals.



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