

ATTRACTING, HIRING AND KEEPING GOOD PEOPLE

There are basically two kinds of people—those who justify failure and those who know success. On which kind of person would you stake the future of your business?

Your business is only as good as the people that you attract and keep. Therefore, it is important that you take the time necessary to find the right people because this will save you frustration and valuable time in the long run.

Think of the people you will hire as an investment. When you choose employees, carefully consider that they will be with you for a long time and are going to be an essential ingredient in your success. Look for people who complement your strengths and weaknesses. Choose those with a record of success. Be familiar with the employment history of potential employees as people tend to repeat their bad habits. While training is essential, good people are found, not made!

Furthermore, you have to pay employees what they are worth or else they will choose to work for someone else. However, note that money is not the only means to attract and hold the best people.

If what you offer to your employees is not superior, then you are going to be faced with the same situation as not offering your customers superior service.

The best way to attract and keep good people is to offer them:

- Responsibility.
- A good working environment.
- A sense of accomplishment and appreciation
- A belief in the business and a chance for advancement.
- A fair salary.

Give your employees responsibility. This is a good way for you to evaluate a person's effectiveness and contribution to the success of the business. It will also make them see and feel that they are a vital part of the business.

Regular Employees

There are two types of permanent employees: Common law employees and statutory employees.

Common Law Employees

How do you know when a person is an employee? According to common law terminology, an employee is a person hired to render services, and an employer is the person who retains control or the right to control how the service is to be rendered. The right to control is the most important consideration in determining if there is an employee/employer relationship.

If you employ one or more people, then you must obtain workers compensation insurance. You are also required to withhold Social Security and Medicare taxes, income taxes, and pay the employer's share of various taxes and benefits. For details, refer to the section on "Understanding Taxes."

The Industrial Welfare Commission of the State of California has issued orders regulating wages, hours, and working conditions in fifteen different industries. At this point, it is best for you to consult your attorney or contact:

State of California Labor Commissioner

411 East Canon Perdido, Room 3
Santa Barbara CA 93101
(805) 568-1222
Fax (805) 568-1569

Department of Fair Employment and Housing

2570 N. First Street, Suite 480
San Jose, CA 95130
(800) 884-1684

Employment Tax District Office

Sacramento, CA
(888) 745-3886

Statutory Employees

Statutory law deals with actual written state and federal laws, unlike common law which relies primarily on precedents established by previous court decisions. Certain persons, such as family members, though not qualified as common law employees, may be considered statutory employees by federal and state law. Special rules apply to different occupations. When in doubt, consult your attorney or contact one of the offices mentioned above.

Immigrants

Many immigrants come to California to looking for an opportunity to make their lives better. In the past, the laws dealing with the hiring illegal aliens were vague, and it was up to the immigration authority to identify illegal aliens at work. Now the situation has changed.

The Immigration Reform and Control Act of 1986 not only makes hiring, recruiting, or referring "unauthorized aliens" illegal, but it also places the task of enforcement on the employer.

This law applies to all employers and employees. Under the new law, the employer is responsible for checking the status of every employee. The law also requires every employer and employee to fill out an Employment Eligibility Verification Form, the I-9 Form. This form is to be kept with the employee's personnel file. If you knowingly hire an illegal alien, you will be fined between \$250 and \$10,000 per worker. The law extends to

prohibiting a business from using independent contractors who hire unauthorized aliens.

Be sure to complete and file an I-9 form before hiring an employee. A separate fine of \$100 to \$1000 will be imposed for failure to comply with the I-9 paperwork requirement. You can obtain an I-9 form from the U S Citizenship and Immigration Services.

On November 29, 1990, the President signed into law the Immigration Act of 1990. This law has resulted in major changes in immigration regulations. For further information concerning these implementations, contact the:

U S Citizenship and Immigration Services

(800) 375-5283

www.uscis.gov

Alternatives to Regular Employees

There are many alternatives to hiring permanent employees. Due to financial limitations, you may want to consider hiring independent contractors or outside professionals on an "as needed" basis; and/or utilize partners, mentors, informal boards or friends to help out with the business.

Staff Leasing

Employment agencies frequently provide employees who can be leased on a short- or long-term basis. This service provides employee benefits to the employees, and relieves the employer of the need to purchase those benefits. All payroll taxes and reports are included in the service.

Independent Contractors

Think about hiring independent contractors if you require a broad range of specialized services. When you first start your business, you may not be making enough money to hire enough employees to provide all the services you require.

Employers hire independent contractors to perform specific tasks that require specific skills. The employer usually pays the independent contractor by the job rather than by the hour. When using an independent contractor, you are not required to provide workers compensation insurance, to withhold income taxes, or pay employment taxes.

Because of special legal considerations regarding independent contractors, you should consult your attorney or certified public accountant that specializes in this area.

Outside Professionals

Enlist the services of a competent bookkeeper, accountant, and lawyer.

You are going to require outside professionals whom you can trust as part of your team. An accountant or lawyer can help you avoid making some serious financial or legal mistakes. Find professionals who understand your strengths and weaknesses and have first-hand experience in your market.

Good professional help requires compensation. You may be able to negotiate by assuring them that if they stay with the business and help make it grow they will be rewarded accordingly.

Mentors, Informal Boards, Etc.

Find a mentor, someone in the business whom you respect and who has been successful, and someone you can talk to from time to time about your business and how it is progressing. You need to get feedback from someone you trust with prior experience in the business. You may want to put together an informal board of advisors who can offer you experience and expertise you can not afford to hire permanently. You should consider seeking the advice of successful local business executives or successful retired business executives. For information, contact:

SCORE®
1228 Broad Street
San Luis Obispo, CA 93401
www.sanluisobispo.score.org
info@sloscore.org

or

Your local Chamber of Commerce office

or

Cuesta College
Small Business Development Center
www.smallbusinessinfo.org

Sources of Information

When you do need hired help, there are several ways to locate the workers you need. You can try to find employees on your own, use an employment agency, contact a job training program, or use a government Employment Development Department Office.

If you are interested in using an employment agency, you can find them listed in the Yellow Pages under Employment Agencies, but you should be aware that many such agencies require that the employer pay a fee for the services.

For skilled workers in San Luis Obispo contact:

America's Job Center
880 Industrial Way
San Luis Obispo CA
93401
(805) 903-1400
www.sloworkforce.com

Note: America's Job Center is a contractor of the State of California. Its primary responsibility is to distribute job training funds to different programs in the San Luis Obispo area and to encourage employment opportunities by offering employers tax credit and wage supplement incentives. Their services are offered without charge.

If you prefer to use a government office for locating workers, you can contact an Employment Development Department Office in your area:

Employment Development Department

4111 Broad Street, Suite A
San Luis Obispo, CA 93401
(805) 788-2697
www.edd.ca.gov

or

**Estrella Career Center
Cuesta College**

North County Campus
2800 Buena Vista Drive Building 4000
Paso Robles, CA 93446
(805) 237-3014