

STARTING A BUSINESS

ATTRACTING, HIRING AND KEEPING GOOD PEOPLE

Your business is only as good as the people that you attract and keep. Therefore, it's important you take the time necessary to find the right people; it 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 they will be with you for a long time and will be an essential ingredient in your success. Look for people who complement your strengths and lessen your weaknesses. Choose those with a record of success. Become 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!

You have to pay employees what they're worth or else they'll choose to work for someone else. However, money is not the only means to attract and hold the best people.

If what you offer your employees is not superior, then you'll 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:

- 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 your success. It will also make them see and feel 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 According to common law terminology, an employee is a person hired to render services, 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, 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 ([Accounting for Taxes insert link here](#))

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

State of California Labor Commissioner

<https://www.dir.ca.gov>

833-LCO-INFO

Department of Fair Employment and Housing

www.dfeh.ca.gov

800-884-1684

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

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 law, the employer is responsible for checking status of every employee. It also requires every employer and employee to fill out an Employment Eligibility Verification Form, the I-9 Form. This form is 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.

The Immigration Act of 1990 resulted in further 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 wish 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 money to hire enough employees to provide all the services you require.

Employers hire independent contractors to perform specific tasks requiring specific skills. Employers usually pay independent contractors 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 specializing in this area.

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

You're 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 if they stay with the business and help 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, someone you can talk to from time to time about your business and how it is progressing. You may wish to put together an informal board of advisors, offering you experience and expertise you cannot afford to hire permanently. You should consider seeking the advice of successful local business executives or successful retired business executives. For information, contact:

SCORE®

www.sanluisobispo.score.org

info@sloscore.org

Sources of Employees

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

a government Employment Development Department Office.

You can locate employment agencies using a search engine, but be aware many such agencies require the employer pay a fee for its services.

For skilled workers in San Luis Obispo contact:

America's Job Center

(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

(805) 788-2697

www.edd.ca.gov

Companies today need grow with technological innovations in order to stay competitive. A large portion of this growth is made possible through the repeated training and development of their employees' knowledge and skills.

Attracting Great Employees to Your Business

Employee retention allows a company to continually develop its staff, without losing the investments they have made in skills and training. "Employee retention" refers to the various policies and practices used by an organization to retain its employees. The cost of hiring new employees is typically higher than to retain them, turnover can cause stress for current employees.

Every employer wishes to enlist talented employees, especially for positions integral to performance and growth. The following list consists of different means companies can attract the best employees.

Demonstrate a Pleasant Work Culture Having a positive workplace culture can be one of the reasons prospective employees are drawn to work. Studies have shown that company culture is the second most important aspect in job-offer evaluations behind salary. Workplace culture should be included in the job description. Creating a unique or positive image of a company will help attract the right people.

Offer Appealing Benefits and Perks In 2020, California firms with 3 to 49 workers accounted for 92% of all employers, but just 27% of all workers, and 16% of workers are offered health coverage, similar to national firms. Slightly fewer offer dental, vision, and other basic benefits. With more companies offering these benefits, it's become somewhat of an expected standard; 92% of employees stated having benefits is important to their job satisfaction. Companies with more appealing benefits, such as gym memberships, maternity leave, PTO, and 4-day work weeks should make a point of advertising these perks.

Use Modern Technology. 35% of employees worldwide believe their job is harder than it should be due to outdated processes and technology. Solutions and resources are available to simplify common processes or business needs, no matter how niche the industry or marketplace. For instance, a cleaning company business can have its operations streamlined by or field service software to set up tasks, fill out employee calendars, and ensure a balanced workload. By advertising the use of current software, prospective employees may feel more inclined to seek employment with a company. Applicants can see how their daily routines will be aided by software and other modern resources. Ultimately, using modern technology helps businesses better serve customers and clients as well as making employees' lives easier.

Reach Out to Employees That Will Benefit Your Company Outreach messages are an important facet of recruiting the right candidates. If there is a specific person or group of people that could be a great fit for a company, it's important to reach out to them rather than waiting for them. Setting up career fairs, sending emails, or scheduling meetings can be a great way to inform the candidates of both your company's goals as well as its interest in them.

Offer Current Employees Referral Bonuses Referral bonuses can be an excellent source of quality candidates. According to a study by Careerbuilder, 88% of employers rated employee referrals above all other sources for quality of hires, and 82% rated employee referrals above all other sources for return on investment. Employee referral programs encourage employees to source their existing social and professional networks to provide candidates for incentives. The incentives offered can range from cash bonuses, gift cards, or even paid time-off. These programs can also increase employee morale, allowing the employee to be more involved in the hiring process.

Provide Room for Growth Within Your Company Research suggests that employees regard growth as a core value, and will seek out opportunities to facilitate such growth. Having development opportunities for prospective employees may be a deciding factor in whether or not they will choose employment at a company.

Retaining Your Current Employees Replacing employees, especially good ones, may prove challenging for many business owners. It's usually much easier to retain current employees than find new ones, but an employee that performs their job well doesn't always choose to stay with a company. Some tips to improve employee retention rate are listed below.

- **Offer a Flexible Schedule** A flexible schedule allowing an employee to work hours that may not coincide with normal business hours. Not every good employee will have the availability to work standard hours. Often, there are circumstances causing conflicts with a work schedule; having availability to be flexible will help cater to the needs of current employees. This can include things such as flexible work hours, condensed workweeks, job sharing, and allowing employees to work remotely.
- **Make Sure Your Employees Know What You Expect from Them** Make sure to educate employees on what is expected, from both job performance as well as cultural expectations in the workplace. It's difficult for an employee to meet expectations without first knowing what the benchmarks are.
- **Have a Human Resource Department** If a company exceeds 50 employees, it's advisable to have a dedicated human resource department. An HR department typically handles employer-employee relations, payroll and benefits, employee performance improvement plans, record keeping, and tax compliance. While smaller businesses may not have the need or money for an HR department, it's still important to have an authoritative figure employees can address should there be any issues.
- **Treat Your Employees Fairly** Employees are a company's greatest assets. If a company wants to attract and retain the best employees, it should treat them well. When an employee knows their company cares about them, they may be more inclined to care about the company. This can have positive implications in work performance, stress management, employee retention, and company brand.

Retaining employees consists of many cumulative elements. Motivational variables will be different for each person, so understanding what intrinsically and extrinsically motivates employees should be a priority for employers. Once an employer understands the motivational variables of their employees, they can take action to create more retention-favorable environments within their company.