volume 19, number 2

financial business edge

ROBIN S. WEINGAST AND ASSOCIATES, INC.

ROBIN S. WEINGAST AND ASSOCIATES, INC.

GARDEN CITY CENTER
100 QUENTIN ROOSEVELT BLVD.
SUITE 507
GARDEN CITY, NY 11530
P: 516.794.1450
F: 516.794.8146
EMAIL: RSW@RSWTPA.COM
WEBSITE: WWW.RSWTPA.COM

in this issue:

Getting New Hires Off to a Good Start

Take a moment to imagine what it would be like to walk through the doors of your company for the first time. How would you like to be treated? What training and tools would you need to get started in your new job?

First Impressions

How your business welcomes new employees can have a big impact on their future relationship with the company and on their long-term performance. An employee who feels overwhelmed or unwelcome during the first few days of a new job may never become an enthusiastic contributor to your organization. While providing proper guidance and training for new employees requires some time and effort on the part of experienced staff, investment in an orientation program will likely result in lower turnover and higher productivity rates for your company.

Companies that hire people in groups tend to take an impersonal approach to employee orientation. Employees are herded together in a room where they listen to presentations or watch videos about the company's policies and procedures. Often the new hires are handed a dense employee handbook and asked to fill out various legal and benefit forms. Then the new employees are given a quick tour of the facility and rapidly introduced to large numbers of co-workers.

While this may appear to be an efficient way to bring new employees into the organization, it is hardly a friendly way to welcome people. Most new employees come to a new workplace eager to do the job for which they are hired. Being asked to listen to a laundry list of company policies and retain dozens of names and faces can exhaust newcomers, and it may even put them on the defensive.

Information, Orientation, and Training

Smaller companies frequently pride themselves on avoiding the cookie-cutter approach to employee orientation, but other problems can arise when companies do not have a Human Resources professional to handle the orientation process. Failing to provide essential information is, potentially, even worse than inundating the new hire with details of policies and procedures. It is also highly embarrassing and uncomfortable for both the employee and

continued on page three

Improving Employee Performance with the Right Incentives

Retaining key employees is central to the success of any business. Keeping qualified and hard-working staff onboard can result in greater customer satisfaction, more efficient administration, and improved profitability. Offering incentives above and beyond basic compensation is one of the most effective strategies for building employee loyalty and motivating employees to consistently perform well.

For any organization, high rates of turnover can be costly and disruptive. A steady stream of exiting employees can take its toll on morale, as well as on the bottom line. When an employee leaves, knowledge and experience walk out the door. Resignation and apathy may set in as staff members see their friends and colleagues leave for greener pastures, and those remaining face greater job responsibility and the need to train yet another new hire.

Paying market-rate salaries is, of course, essential to recruiting and retaining staff, as is providing employees with a basic benefits package. But offering top-of-the-line wages and robust benefit packages to employees is not always possible for smaller businesses. Lacking the economies of scale that allow larger organizations to offer a wide range of benefits and other perks, such as subsidized cafeterias or onsite fitness centers, you may be concerned that your company will be unable to compete for top talent.

Bigger Isn't Always Better

Instead of thinking about the incentives you cannot afford to provide, consider how your business can leverage its strengths. Compared with larger organizations, smaller employers can offer staff a more intimate atmosphere, in which all employees have direct contact with owners. This shorter chain of command between employer and staff can foster greater loyalty and a stronger sense of mission. It is easier for employees to appreciate the impact of their contributions when they are felt immediately throughout the organization.

A shorter chain of command alone does not, however, automatically create employee loyalty. It is important for business owners and managers to communicate regularly with staff about financial and management issues. If your company does not have a formal system for sharing information with all staff members, such as regular emails, in-house newsletters, or staff meetings, some employees may fall out of the loop and become disconnected. Employees who understand the company's short- and long-term goals and challenges tend to be more engaged.

Performance Incentives and Flexibility

Performance-related bonuses, even if they are not large, can go far in motivating employees. These may be offered individually, by department, or across the organization. Bonuses may be tied to specific targets or to overall profitability. Be sure to always set targets at attainable levels, or they may serve to discourage, rather than to motivate, employees. The knowledge that better organizational performance can result in concrete financial rewards provides a substantial incentive to work harder and more efficiently.

Your business can also compete in the labor marketplace by helping employees manage their responsibilities at work and at home. For many employees, especially those caring for children or other family members, the opportunity to work flexible hours or telecommute can be a deciding factor in their choice of employers.

Because opportunities for career advancement are usually more limited in smaller businesses, ambitious employees may choose to leave rather than remain stuck at the same level. Companies can tackle this problem by providing staff members with training opportunities and progressively greater job responsibilities. Your business may, for example, offer an administrator additional compensation for acquiring new skills that can be applied on the job.

Relatively inexpensive morale boosters can make a big difference in how an employee feels about his or her employer. Staff outings, office parties, free coffee and snacks, or occasional unscheduled breaks in the day can break up the monotony of the workplace routine. Wellness initiatives can also be highly motivating, yet relatively inexpensive.

Offering employees incentives is important, but so is avoiding disincentives. While guidelines and structure are necessary in any organization, too many petty rules and penalties for minor infractions may frustrate employees and cause them to resent management. Praising good performance is often more effective than policing staff.

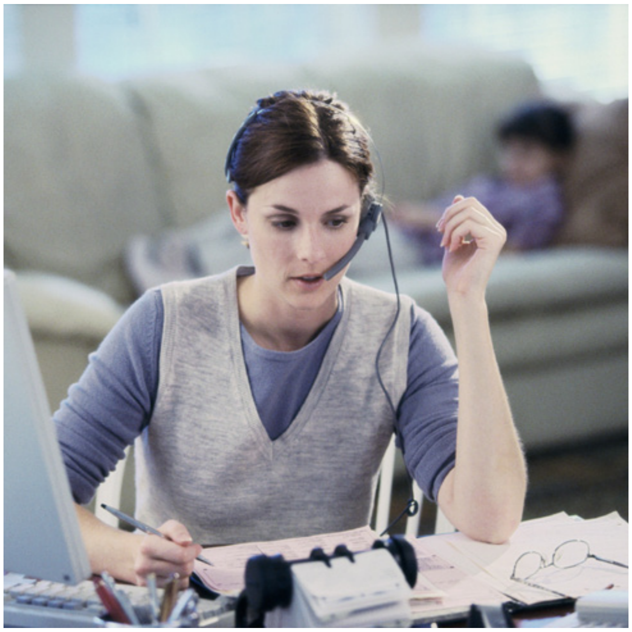
Each employee is likely to be motivated differently, so it is important to consider the individual when developing an incentive program for your employees. Retention, productivity, and profitability may be improved as a result.

Work-Life Benefits and Employee Retention

Recruiting and retaining employees who are both qualified and motivated is an ongoing challenge for most businesses. One way of building staff loyalty and increasing productivity is to put policies in place that help employees balance their commitments at work and at home. However, it is important to not only set the policies, but set an example by demonstrating how to find balance in your own life.

Employees who have the time they need to care for their children or aging parents, or pursue continuing education or outside interests, will likely be less stressed and more focused in the workplace. By offering flexibility to employees, companies may, in turn, have the opportunity to hire employees who prefer part-time or flex-time work arrangements and can also meet the needs of the company.

A flexible work arrangement is any one of many work structures that alters the time and/or place that work regularly gets done. It could mean flexibility in the scheduling of hours, the amount of hours, or place of work.



getting new hires off to a good start

continued from page one

the employer when a new hire arrives for the first day of work only to discover no desk, computer, or other tools have been assigned for his or her use.

There are certain types of information employees must be given before they can begin their jobs, such as safety rules or time card policies. If possible, this vital information should be delivered by the employee's immediate supervisor. By sitting down with the employee on the first day to discuss the duties of the position, as well as any essential procedural information, the supervisor begins to build a relationship with the new hire. If the supervisor does not have the time to conduct the orientation personally, an experienced employee may be assigned to guide the new hire, possibly serving as a mentor for the first few days or weeks. In addition to having an HR manual to reference, new employees should know whom to ask when questions arise.

To make a new employee feel welcome, co-workers may want to make a point of inviting him or her to join them at lunch or break time. Establishing friendly and professional relationships with co-workers can help an employee feel more comfortable in a new environment, and this may ultimately inspire greater loyalty to the company.

Inadequate or improper training sets up a new employee for failure. Newly hired workers may have the skills necessary to do the job, but they will generally require some guidance and instruction to understand the processes and procedures particular to your company. It is worth remembering that new employees are usually anxious and uncertain about how they are expected to behave and perform. Providing clear and thorough training will ease that nervousness, enabling the employee to carry out his or her duties more competently and confidently. If a new hire makes a mistake, it may be because training was not sufficient. Before reprimanding a new employee, consider whether the mistake was primarily the fault of the individual or of the organization.

Productivity and morale among all staff members can be negatively affected when new employees are not given the information, the tools, and the support they need to do their jobs well. An effective orientation program may minimize the chances that a promising new hire could turn out to be "a bad fit" who must be replaced.

Family Business—Stepping Out of Your Predecessor's Shadow

At one time or another, many small businesses experience a transition in leadership. Typically, a family member or other close associate takes over after years of apprenticeship. This transition is usually the culmination of a **succession plan** that outlines the original, or previous, owner's intent for the future leadership of the company.

However, even with a conscious and deliberate succession plan, a successor may find it difficult to assert his or her vision for the company's future to employees. Suddenly, the successor, who has an understanding of the products and services offered by the business, must delve into new territory—sole responsibility for the *operations* and *management* of the business.

If you have recently found yourself assuming control of a **closely held business**, or if you anticipate taking the reins in the future, here are some suggestions that may help you to "hit the ground running":

Gain support of other owners. If you expect your predecessor or other owners to continue to exercise authority after you take control, get their support for your business plan from the start. Agreeing on goals *now* will help provide a solid basis for your *future* operating decisions.

Hire for the future. Let the business's long-term interests guide your hiring decisions. Once you have determined your vision for the company, as well as your business strategy, hire employees that best fit your future plans.

Develop your own management style. Assemble a compatible team that supports your management style and can help you move toward your goals more effectively. Choose managers who will challenge you and voice their own opinions. They may prompt you to come up with new ideas and innovative strategies that could benefit the company.

Act now with confidence. Even if you have a controlling interest in the company, you may feel like a junior partner when surrounded by veteran employees. However, try to be *proactive* instead of *reactive*. Once you know the action you need to take, move forward. The sooner you assume a leadership role, the sooner your confidence (and that of those around you) will grow.

Treat past contributors with respect. Be careful about making drastic moves such as replacing the entire management team at once. Experienced members can be valuable resources as you chart your future course. But you may come to realize that some managers no longer have the necessary qualities and skills to propel the company in a new direction. If this is the case, treat them with dignity and respect. Appreciate their energy and wisdom by relying on them as mentors. If you must replace some managers, consider generous severance packages to allow them to leave the company with recognition for their past contributions.

Mentor your staff. If you were mentored by your predecessor or company managers, continue the tradition. In addition to creating a qualified peer group, mentoring can also help you develop new talent you are confident about and who may become candidates for your management team.

Accept your mistakes. Running a company means making multiple decisions; this may lead to making a few mistakes. Remember, it is better to take action to remedy a situation than to procrastinate out of fear. The trick is to learn from your mistakes and move on.

Stepping out of your predecessor's shadow may be a challenging experience. While he or she may have shown great confidence in you, you may still have a lot to learn. Following these tips will help you earn respect as you take on the responsibilities of new leadership.