



## Hiring Your First Employees

This article by Stuart Adams appeared in *Louisville Computer News*, October, 2000

At some point in the life of your business, you will be faced with the necessity of hiring employees. Eventually, if you have any success at all, your limited capacity and the finite number of hours in the day will gang up on you. You will need warm bodies to help you. This will change your life forever, one way or another. If you're the mad scientist or computer "geek," (not that that's a bad thing) who has been isolated in the basement or garage for years, perfecting your invention or business plan, you could be in for a rude awakening.

To deal with people, you must have people skills. Employees are, after all, people. I know there are bosses who may not believe that, but it's true. There have been many periods in our history where employees were treated as less than human. Today, however, increasing demand exceeds the supply of talented IT employees, so it is often the employee who comes into the job interview with more leverage than the employer. The good, talented employee, who has all the skill sets you need, experience in all the right areas, a great attitude, no baggage, and reasonable compensation package expectations, is seemingly as likely to walk into your office as is a unicorn.

The good news is that there seem to be more and more ways to avoid having to hire a new employee. If you've gotten bogged down in doing the company books late at night, you can retain the services of a bookkeeper. Hiring a "service" such as this, in the form of an independent contractor or other type of separate company, means you can pay for the services you need and terminate the relationship whenever you want. Such services are usually plentiful and relatively inexpensive. Paying a little money to do something you may not be particularly good at, is a bargain. If you are to succeed, you must spend as much of your time as you can, doing what you are best at and what others cannot do as well. Otherwise, you are wasting your time.

As competition increases for the e-commerce start-up, so does the competition of vendors to serve their needs. This has resulted in many "cross-disciplinary" companies entering the market place with a fuller variety of services. Accountants started providing payroll services, in addition to basic accounting services. They then realized that their clients needed advice in purchasing, operating and maintaining computer systems to generate even the raw materials the accountants had historically started with to do their part. The accountants then added

**computer services to the portfolio they had developed.**

**Likewise, attorneys found that consulting services, which were far from their traditional legal services, could be generated out of legal work done for their clients. Consequently, of course, a push started to provide additional services to clients in areas deemed to be "value added." Accountants and attorneys got more directly involved in providing business advice and linking their clients to networks of other service providers.**

**Marketing and public relations firms, not to be left out, started providing web site development services, in addition to the other services they had previously provided to their clients. Companies grew up which would do the payroll for small businesses. These companies soon realized that pension and retirement fund management was driving some of their clients nuts, so, of course, they added management of such funds to the services they already provided.**

**Banks, with deregulation of financial and securities companies, started offering to sell you a mutual fund or retirement plan, in addition to the traditionally limited financial products they had offered for generations. Insurance companies also jumped on the bandwagon, offering products historically provided only by financial planners.**

**To some extent, we have big government to either blame or congratulate for this state of affairs. Initially, it was the increasing levels of regulation heaped upon business owners at every turn, which caused them to seek out others who could help. Paperwork on securities offerings, employment matters, environmental regulation, taxes, product liability issues, zoning and a multitude of other matters, has quite frankly, created a situation where the new entrepreneur can spend far more time on such paperwork and regulatory compliance, than on the business itself.**

**In business, where there is a need, there is typically someone who will step in to fill the gap. A recent example was largely caused by the proliferation of employment regulation. The ADA, Family and Medical Leave Act, and a steadily increasing host of other regulation has made it nearly impossible for a small employer, without a human resources department, to keep up with all the posters which must go on the company walls, let alone to deal with a sick employee's issues.**

**The result, of course, is the birth of "for hire" HR departments. These companies will basically take all personnel matters off your hands. One form of this is the PEO, or Professional Employer Organization, which becomes the employer and leases the employees to you. You therefore have no employees. These PEOs can typically handle recruiting, hiring, at least the initial screening, negotiation of compensation, development of job descriptions, provisions for benefit packages and attendant monitoring, and a wide variety of other matters from hiring to firing. They will typically draft your personnel manual for you and keep it up to date, with regard to compliance with state and federal employment laws. With the right company, this can be a great relief for the employer. After you outsource your bookkeeping, HR needs, marketing, web development, legal and accounting duties, you may even find you don't need**

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that extra employee.

## **Employees - The Greatest Asset of a business**

Those who have been in business for a while must know that employees should be the greatest asset of a business. Many a successful business has been wrecked by the bad chemistry, poor work skills or downright dishonesty that a new employee can bring to the mix. While it is essential to watch for these factors, careful attention to the process of hiring a new employee can bring tremendous benefits to a start-up. The good or bad impact is usually magnified in a smaller the company, since a single employee will typically be responsible for so much in that setting. The question then becomes, whether it is time to hire a new employee.

### **The Process of Hiring a New Employee**

Adding a new employee to your company is a process. The first step in this process is simply to quantify the work which must be done, but which current personnel cannot handle for some good reason. Good reason includes making a prior determination no one else can reasonably do the work by putting in more hours, altering a work schedule, or making other adjustments. You should have also ruled out temporary services, independent contractors, and the other for hire services mentioned above. If this is the case, you are ready to try to find an employee to help you.

In taking the first step and analyzing what needs to be done, you should not forget that this new employee will probably not know what the setup was prior to creation of the new job. It is not scared. You can change the setup and this is a perfect time to determine whether this would help your efficiency. Likewise, you should determine what existing jobs in the company should be done by the new employee, as opposed to by yourself or another employee. Keep in mind that it may be a good idea to completely realign everyone's duties. Remember that, like yourself, no one should be doing less than they can, nor should they be doing a job someone else can do better.

### **Work Analysis**

If the task of coming up with a list of duties for the new employee did not kill you, and you also analyzed the duties of everyone else on board, you may just have found that you don't really need that new employee. On the other hand, you may have found that you need more than one. In the later case, your next step is to develop a job description. One way to speed this process up may be to look at the job descriptions your competitors are using in their efforts to attract new talent. Check out their web sites, which often will have a link to their listing of jobs they are trying to fill, and their ads in local or national papers, including the employment newspapers. Be sure not to just copy the description, since your competitors may have major differences in how they operate. This comparison by itself, however, can be rewarding.

Sam Walton, in his book, *Sam Walton : Made in America : My Story*, Bantam Books, 1993, indicated he "nosed around" other people's businesses scouting out talent to hire away for his

own company. This, of course, probably didn't help the \$100 million lawsuit Walmart filed against Amazon.com for allegedly hiring away many of its top employees and consultants, in order to gain unfair access to its trade secrets.

Use job application forms to standardize and facilitate the selection and interview process. Check out the wealth of government web site information on matters such as what questions you should not ask during an interview, what paperwork you must fill out to prove compliance with anti-discrimination and immigration laws. At least consult with an employment agency, even if you don't use one. The best employees will be the hardest to find but the most useful to your business in the long run. If you are going to hire employees, hire the best ones you can at every level you need one. The compensation you pay will typically be higher, but, overall, you should save money by not having to go through the termination process and then starting all over again with the looking, interviewing, selection, training and management of a new employee to replace the one who didn't work out.

According to *Business the Amazon.com Way*, by Rebecca Saunders, Capstone, 1999, Amazon founder and CEO, Jeff Bezos, had a hand in hiring each member of the management team, supposedly interviewing them at a Starbucks. He apparently required prospective employees to undergo multiple interviews with various staff members. Bezos would then interview the interviewers and draw elaborate charts outlining the various aspects of the candidate's qualifications. While I don't suggest you always handle that end of the employment process in such a manner, it does serve to point out the importance of the interview process.

I strongly suggest you obtain consent or require the prospective final candidates to get a police check before hiring. References are mandatory. They should be verified, as should any other information on the resume or job application. Additionally, a personality test can be extremely effective in spotting a mismatch early on. It can also be helpful in finding out what makes your new employee "tick" and in finding the best way to help them quickly become a productive member of your team. If things don't work out, terminate them before their right to draw from your unemployment insurance fund kicks in.

One thing Amazon concentrated on was their strategy of "raising the bar" each time they hired an employee. That means that each time they hired an employee in a significant position, they would make the requirement just a little harder for the next one. The goal, of course, was to build on what they had and to gradually get better and better employees.

## **Job Description**

Getting better employees starts with the job description. After you have done an analysis of work being done in the company and to be done by the new employee, you should create a job description for the new position. Additionally, of course you should review the job description of everyone affected by the new position, to see if their job description should also be changed. After all, the new position may cause their duties to change, or they may be required to interact with the new position in a specific way.

**A job description should include information generally defining the position. It should also provide a statement of duties to be performed, job responsibilities, specific skills which may be required for the position, education and experience required. Having created this document, you should be ready to start your search for that perfect employee.**

**We'll talk more about finding, motivating and managing employees in another chapter, but one final step in preparation for your new employee might be a position manual. This is not an employee handbook, in the sense of talking about vacation days and deferred compensation. This manual will be part of the training material for the incoming employee. It should provide information about how the job is to be done. If there is equipment to run, it should be a reference work. It should provide information on procedures to be followed in doing the job and might outline technical support and service information.**

### **Job Manual**

**A receptionist, for instance, might have a manual that would set out the morning duties to be attended to upon arrival, such as inspection of the reception area, checking voice mail messages, making sure the outgoing voice message is working and appropriate for the day, assuring a supply of reading material for clients is neat and in place, client intake forms are present in sufficient number, checking on the schedules of office personnel, including who is already at the office, booting up the computer and logging into the network, checking the fax machine, etc. Likewise, it would set out duties to be performed during the day and upon closing the office. In the event something changed, whether it be different office hours, a new piece of equipment or different technical support number, this employee would be responsible for making appropriate changes to the manual.**

**In addition to providing a handy reference for the new employee, the manual should provide information for someone filling in when the new employee is at lunch, on vacation or sick. In the event the new employee does not work out or quits, you would already have a handy introduction to the job for a temp or other replacement. Simply having such a manual on hand for weekends, when you are there grinding it out without the employee who normally takes care of sending faxes and making copies for you, will make the effort of putting the manual together worthwhile. When the copier jams or runs out of toner, you might just be able to fix it and get that report or proposal out the door.**

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