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Michigan Home Business Update 4 – Employees, Who Needs Them?

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Employees — Who Needs Them?

The long-term success of your home business depends on your knowing when you need help. Hiring an employee is a crucial step, and finding the right person is a real challenge. Before you decide to become an employer, read the following checklist. If you can answer "yes" to the majority of the following questions, you're ready for an employee.

- Has your business grown significantly?
- Is your workload too heavy to handle in a timely manner?
- Have you streamlined your work plan and found you're still overloaded?
- Is your business demanding more energy than you have to give?
- Has overwork decreased your efficiency?
- Do you have sufficient income to pay an employee?
- Do you have the skills to manage an employee?
- Are you willing to spend time training and developing an employee?
- Can you delegate authority?
- Are you willing to share the responsibilities and rewards of your business with another?

Before you make up your mind, ask yourself if you're prepared to cope with the disadvantages of being an employer. "Yes" answers to the following group of questions mean that you're realistically prepared to hire an employee.

- Is an employee worth the extra work, responsibility and liability?
- Are you willing to spend time planning your employee's work schedule?
- Are you prepared to keep accurate records pertaining to regular hours worked, overtime and vacations?
- Do you have time for the added paperwork required by federal and state governments?
- If the necessity should arise, could you fire as well as hire?



HOW TO FIND AN EMPLOYEE

JOB DESCRIPTION

Once you've decided to hire an employee, start the process by building a job description. Draw up a list of the tasks to be done and decide what skills and how many work hours per week are needed to complete these tasks. Having these facts down in black and white will help you set the hiring standards you'll use to evaluate employee candidates.

The job description should include the title of the job, specifics on why, what and how the job is to be done and a realistic assessment of what you expect the employee to accomplish.

WAGE

Establish a wage scale commensurate with the demands of the job. Build in a range of pay levels so you can recognize and reward your employee's accomplishments. Also, be sure to explain any special benefits you plan to offer.

Many businesses recruit new employees by placing "help wanted" ads in newspapers. When you write your ad, you should cover the following points: job title, brief description of responsibilities, personal requirements and experience needed, working conditions, suggestion of pay scale and benefits, whom and when to contact, the business name and address or a newspaper box number.

Newspapers are not the only source of help. Business or personal friends can recommend prospects to you. A sign in your window or on the front lawn can attract job seekers. You can also look to nearby schools for help. High school counselors often know of reliable youngsters who want jobs.

PLANNING THE INTERVIEW

Conducting a 45- to 60-minute interview sounds like a formidable task, but you can make it easier by dividing the procedure into five steps.

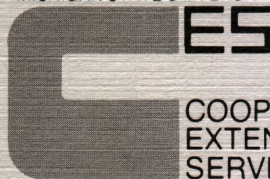
1. PREPARE FOR THE INTERVIEW

Review the application, resume, other correspondence and telephone conversations so that by the time you sit down for the interview you'll have the candidate's experience and educational background well in hand. Checking over this background information will help you identify areas you want to question or clarify.

Write an interview outline that includes time slots for:

- Greeting and putting the prospective employee at ease.
- Questioning the applicant about interests, goals, strengths and limitations.
- Asking the prospect about experience, educational background and specific tasks.
- Giving information about the job and your business.
- Answering questions the applicant might ask.
- Clarifying any loose ends.
- Wrapping up the interview.
- Following through, which includes the date the applicant

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will be notified and whether it will be by phone, mail or in person.

2. LET THE CONVERSATION FLOW

An interview is meant to be a two-way conversation. Because you've written your interview outline, you won't have to worry about what to do next, so you can actively listen to the candidate. Restate what is said and build on the candidate's responses.

Look for non-verbal clues. "Body language" can reveal much about the candidate's attitudes and feelings.

Take notes if you must, but sparingly, so it doesn't distract from the business at hand. It is best to jot down notes immediately following the interview about your impressions of the applicant.

3. BE OPEN FOR COMMUNICATION

Act natural and show a genuine interest in what the candidate has to say. Concentrate on the applicant's thoughts, words and actions and don't make any attempt to judge the applicant until after the interview. Some interviewers damage the lines of communication by being judgmental, thus putting the prospective employee on the defensive.

4. STRIVE FOR A BALANCED INTERVIEW

During an interview you are constantly comparing the elements of the application with the job requirements. You must give as well as receive information. You'll want to know all about the candidate's previous job experience and personal interests. The candidate, in turn, will be eager to learn as much as possible about you and the job you want to fill.

5. EVALUATE THE CANDIDATE

Perform this important step right after the interview, while your impressions are fresh. Pay special attention to your "gut" reaction — those instincts are often right on target. Make yourself an assessment form for each candidate you interview. It should include job requirements (gleaned from the written job description), level of education and experience, special skills, people skills and any other special requirements for the job. Use a rating scale of 1 for unsatisfactory, 2 for acceptable, 3 for good and 4 for superior to rate each candidate in each category.

Good interviewing skills are essential because hiring the right employee can save you time and money, as well as enhance and enrich your business.

A FINAL NOTE ON INTERVIEWING

Check your questions before the interview to make sure they conform with equal employment opportunity practices. To employ fairly, you need not remember a lot of rules as long as you keep one basic tenet in mind: any questions you ask and any tests you administer must be relevant to the job.

The categories to be avoided are: marital status, birthplace, age, religion, how or when citizenship was obtained, extracurricular affiliations or memberships in organizations, wife's maiden name, applicant's maiden name, relatives (except who should be contacted in case of emergency), how skill in a foreign language was acquired, arrest for a crime (you may inquire about conviction, however), children, physical size and weight, garnishment of wages, possessions such as home or car (unless a vehicle is required to perform the job), spouse's or father's/mother's job. You also may not request an applicant's photo.

CHECK REFERENCES

The reference check is the final step in the selection process, so you need do it for only the one or two applicants best qualified for the job. Contact the references by phone and be sure to inquire about the candidate's perceived strengths and weaknesses and the reasons behind the evaluations you receive.



STATE AND FEDERAL REGULATIONS

For your convenience, the Michigan Business Ombudsman's Office has put together an information package that contains everything you need to know about state regulations governing the hiring of employees. Included are Michigan Employment Security Commission (MESC) regulations, income tax laws, Michigan Occupational Safety and Health Act (MIOSHA) guidelines, pre-

employment instructions and statutes regarding the hiring of older workers.

The package also contains an application to send for a federal employer identification number. When you submit this mandatory form to the Internal Revenue Service (IRS), the U.S. Department

of the Treasury will send, along with your number, all the information you need to comply with federal hiring regulations.

Contact the Michigan Business Ombudsman's Office at this toll-free number: 800-232-2727. The staff there will be happy to answer any questions and help solve problems for new employers.

HOME BUSINESS OWNER TIPS

Before you decide to hire an employee, make sure your plans are in agreement with your local zoning laws. Also, remember to check on insurance coverage. According to the MESC, having liability insurance, which is relatively inexpensive, is "like getting the best legal defense as cheaply as possible."

EMPLOYING YOUR CHILDREN

Children who work for the family business are exempt from social security and payroll taxes. Their expense is classified as outside labor.

The amount paid per hour cannot exceed what you would pay an unrelated person to do the same job. Keep accurate records of job assignments and weekly work schedules.

Pay your children by check, but don't endorse or cash it for them; let them do this at the local bank or store.

If your children earn less than \$3,300 they will owe no federal taxes. If they earn enough to file a return, their tax rate will be substantially lower than yours.

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