

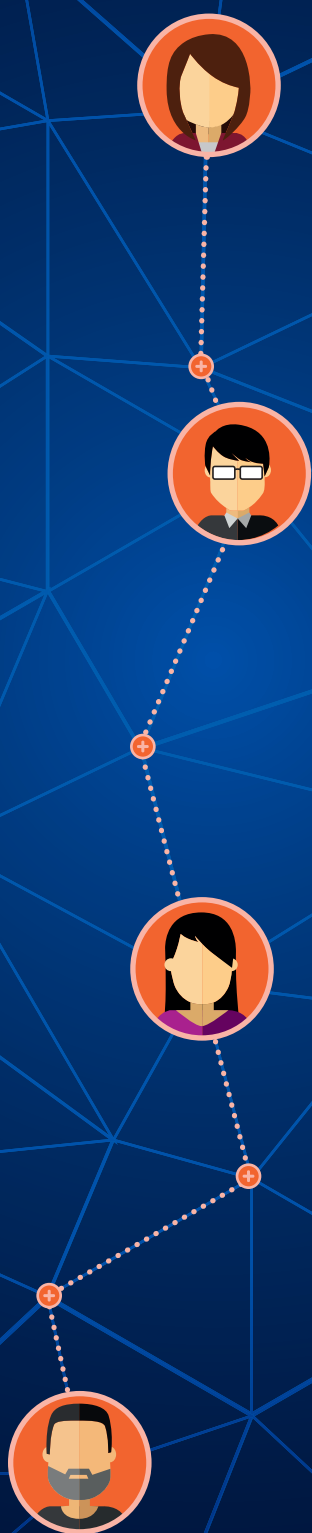
Determining the right time to **expand your team**

BY KIM PATTERSON



ONE + ONE





For small businesses, hiring additional employees is often a tough decision.

Is the timing right? How do I know what positions to hire for, and what we can afford to pay those people? Brand new business owners often put a lot of weight on their instincts. For Hal Denbar, president of Patriot Pools and Spa in Austin, Texas, the initial few hires were based on absolute necessity.



“In the early days, I knew it was time to hire someone when there were zero hours left in the day that I could possibly work,” Denbar says. “The model from employee one to 10-ish was that I would overload myself until there was nothing left to give, and then I would hire someone and give them a normal workload — rinse and repeat.”

However, employees who are overworked can experience higher levels of stress and more illness, end up taking more days off and may eventually give up on the job altogether — the opposite of what you need when you’re already running short-handed.

For Denbar, knowing when it was time to take on someone new was eventually based more on experience. “Now, we do it strategically with planning,” Denbar says. “Our leadership team has mapped out that we anticipate adding 200-ish pools to our cleaning route in 2019. That means we are actively trying to hire five more cleaning technicians and we have two currently in training. This accounts for promotions from our current cleaning staff to other divisions of the company as well.”

Denbar also says it’s important his company does this during the late fall and winter months in order to accommodate service growth when it comes in the spring. Every business has its busier periods, but no two are exactly alike. Businesses hoping to follow a similar hiring process need to look at their customer traffic and sales at different times of the year.

Sean Doyle, co-founder and principal strategic planning and management consultant at FitzMartin in Homewood, Alabama, a B2B Marketing firm that helps companies tackle tricky business obstacles, has more cautionary hiring advice. “The key number I would want someone to look at before hiring is cash,” Doyle explains. “Do you have three months of cash on hand? If not, you need to

build your cash before hiring. It is always cheaper to rent help, such as a 1099 [freelance] employee, than to hire a full-time employee. You can use them, the rented help, short term until your cash is built up.”

“We would budget and thoroughly analyze our business pro forma to ensure that we would be able cover the costs of the new employee and associated expenses, against what income value that said employee will bring to our company,” says Tom Landi, owner of Landi Pools & Games in Vineland, New Jersey. “This could be by generating new income opportunities and/or increase efficiency by decreasing the expenses of the business, allowing for increased profits that warrant the extra salary and expenses.”

Customer Service Boost

Examine your level of customer service when determining whether to add more employees. If your customer service complaints tend to be based around lack of response, rushed service or lengthy wait times, it may be time to increase your staff.

“When a business is not running as efficiently as it should because it is understaffed, the negatives could cause a business to fail by causing our reputation for quality of work and communication to decrease,” Landi says.

Doyle advises not to be so quick to look at hiring as the solution to your customer service dilemma. “Frequently, we recommend that people remove the lowest of the least profitable customers and create capacity through that before they hire,” Doyle says. “Positioning is the tool that will allow profitable and intelligent growth. If you are poorly positioned, you can charge very little because many people offer the same thing you do and will offer it for less. If you’re well-positioned, your expertise will be paid for. So, my steps before hiring are always to evaluate; can we create capacity by firing customers first? Secondly, reevaluate our positioning so that we can charge more and be more profitable.”

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HAL DENBAR, Patriot Pools & Spa



That said, a company also needs to be sure they're not only hiring at the right time, but also that they're hiring the right people. Kathy Cole, founder of DK Cole Executive Search in Oak Brook, Illinois, says many businesses confuse the need to hire more people with hiring better people.

"My philosophy is don't confuse the speed of your process with the quality of your process," says Cole, who regularly speaks on the subject of human resources. "In today's market, 10 percent of candidates are gone within 10 days. If people are looking for candidates, the first thing they need to realize is all hands-on deck for networking and doing everything you can to hire someone. It's hard work to hire these days because you have to work your network and you have to have a good hiring process."

Cole says it's best to check prospective employees out thoroughly before doing any hiring. Interview consistency is key, too; you want to use the same comprehensive process each time you hire to ensure you're getting the right people for the job. While it might seem tedious and drawn out, failing to do so can mean that your desire to improve customer service is not met, putting you in a more difficult situation than you were in before hiring began.

While hiring may seem straightforward at first glance, there is a lot of thought that should go into your method. Careful planning and a look to the models of those who have successfully made the leap are vital steps to minimize risk. "[Our research shows that] 97.95 percent of all businesses in America are one-person shops," Doyle says. "The move to a larger business is a significant one, and across the entire country, only 5.7 million businesses ever grow to be in the two to 10 employee range. The shift to make this jump typically is focused around process, improved technology that serves sales and marketing, manufacturing and production, finance and administration. When you have more than one person, you have to leave the idea that you can do it all and delegation is a must again." ■

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