

Business Mastery

§6 Business Operations

People Management

By Cherie M. Sohnen-Moe



Chapter 22: People Management

What Makes a Good Employer?

Hiring Help

- Administrative Support Staff
- Sources for Finding Help
- Employment Regulations
- Independent Contractor Status
- Interviewing Practitioners

Managing Your Staff

- Employment Policies
- Performance Reviews
- Cultivate Camaraderie

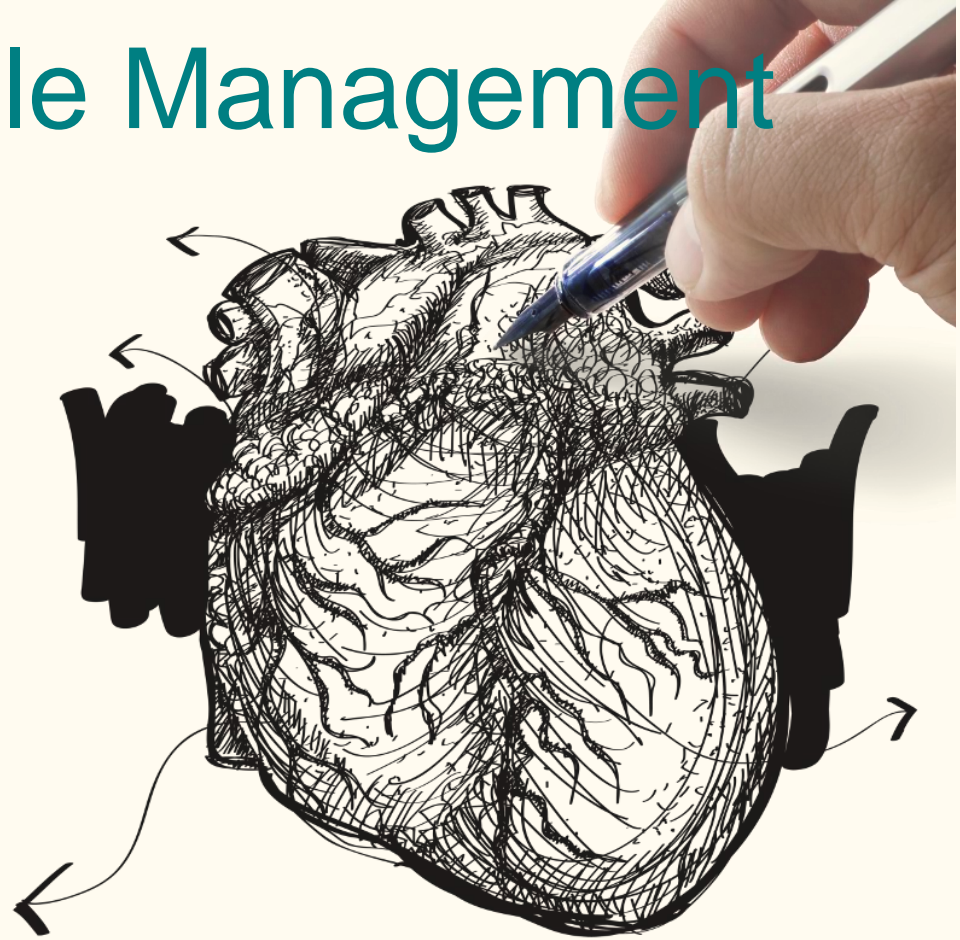


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KEY

Terms

- ❑ Administrative Support Staff
- ❑ Camaraderie
- ❑ Common Law Rules
- ❑ Employee
- ❑ Employee Policies
- ❑ Employer
- ❑ Employer Identification Number (EIN)
- ❑ Employment Forms
- ❑ Employment Regulations

KEY

Terms

- ❑ Federal Insurance Contributions Act (FICA)

- ❑ Federal Unemployment Tax Act (FUTA)

- ❑ Independent Contractor

- ❑ Job Description

- ❑ Performance Reviews

- ❑ Workers' Compensation

People Management

As your business builds, you may find it's more cost-effective for someone else to handle administrative, accounting, and housekeeping tasks or to take on some of the client load. This is the time to hire either employees or independent contractors.

- Once you decide to add employment relationships to your practice, you step out of the role of practitioner and into the role of employer.
 - The attitudes and skills that make a good employer aren't necessarily the same as that of a practitioner.

What Makes a Good Employer?

- Employers must equally hold the best interests of the company and of employees.
- A good employer understands the mutual benefits of the employment relationship.
 - Just as you, the employer, provide an opportunity for others to do their work, the employees are providing you with growth and success opportunities by doing good work.

What Makes a Good Employer? (cont.)

- Good employer skills include the ability to:
 - Be a direct communicator.
 - Keep accurate and thorough records.
 - Investigate issues and make fair decisions.
 - See strength in diverse beliefs, skills, and thought-processes.
 - Provide a safe and secure work environment.
 - Maintain honesty and integrity.
 - Expect commitment and loyalty.
 - Encourage cooperation.
 - Provide clear policies and procedures.
 - Handle difficult situations swiftly and confidently.

Hiring Help

- Expanding your practice by bringing in other practitioners or support staff can free you to focus on what you do best.
 - Consider if you charge \$60/hr for your services and it takes 3 hours a week to clean your office while most cleaning services charge about \$20/hr. If you were to hire a cleaning service, you could spend those 3 hours working with clients. It would cost you approximately 1 hour's worth of service (\$60), leaving you with 2 extra hours in which to make a profit of \$120.

Hiring Help (*cont.*)

- May consider hiring support staff for:
 - Freeing time for marketing or focusing on clients
 - Administrative tasks (e.g., receptionist, secretary, bookkeeper, administrative assistant, or operations manager)
 - Financial matters
 - Maintenance duties
 - Marketing consultants



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The Hiring Process Steps

1. Identify your needs.
2. Write a clear job description.
3. Recruit and advertise in appropriate media.
4. Choose 3-5 applicants to interview.
5. Involve other team members in the interview process (if applicable).
6. Select the best candidate or continue the search until you find the right one.

Hiring Help (*cont.*)

- There are many options to explore when looking for quality people to assist you and your business:
 - Independent contractors, consultants, or employees
 - Interns or apprentices
 - “Temporary employees” through an employment agency or an employee leasing company
 - Associations with other business owners to share tasks and expenses
 - Online employment resources (Craigslist or Careerbuilder), Chamber of Commerce, industry trade associations

Hiring Help (*cont.*)

- Deciding to hire employees or to subcontract can be difficult:
 - Most small businesses prefer to hire independent contractors, consultants, or service firms rather than employee.
 - IRS guidelines to determine employment status are fairly clear with administrative staff: often, office support are employees. Gray areas exist in hiring other wellness providers.
 - Generally, it's less risky to terminate a contract than to fire an employee and malpractice liability is less.
 - Non-employees may charge more, and owners can lose control over timeliness and quality by subcontracting.

Hiring Help (*cont.*)

- Many practitioners and clinic owners claim they couldn't have achieved their level of success without employees.
 - A strong bond tends to develop between employees and the business owner; practitioners who are employees tend to be more committed.
 - The peace of mind and sense of stability this creates is invaluable.
 - Also receive the other benefits as previously mentioned when you can focus on your high priority activities.

Hiring Help (*cont.*)

- Deeming workers as independent contractors is a sizable risk; if the IRS determines they are or were employees, you may owe fines up to 100% of the tax plus back income and Social Security taxes.
 - **To minimize risks of independent contractors being reclassified as employees:**
 - ✓ Make sure independent contractors have multiple income sources
 - ✓ Use “independent contractor” agreements
 - ✓ Let independent contractors use their own supplies and schedule
 - ✓ Let clients pay independent contractors directly
 - ✓ Request copies of the independent contractors’ tax returns
 - ✓ Require contractors to provide their own insurance and Workers’ Compensation coverage

Employee vs. Independent Contractor in the Wellness Industry

The key elements that differentiate between employee status and independent contractor status in the wellness industry are:

- Who regulates the type of work done and how it's performed
- Where and when the sessions occur
- Who determines the fee structure
- Who receives the money from the clients
- Who provides the equipment and supplies
- Who pays for client-related expenses
- Who generates the clientele

Hiring Help (*cont.*)

- Under common-law rules, anyone who performs services subject to the will and control of an employer, as to both what must be done and how it must be done, is an employee.
 - **The IRS looks for evidence of control in three categories: behavioral, financial, and the type of relationship.**
 - ✓ From an IRS viewpoint, if an employer-employee relationship can be established through evidence of control, it's irrelevant how it's described.
 - ✓ The key is to evaluate control and independence in each of the three categories, determine a classification, and most importantly, document the factors that you used to determine that classification.

Hiring Help (*cont.*)

- State workers' compensation, unemployment compensation, and tax agencies use various tests to determine worker status.
 - Many use the common-law right of control test, but emphasize different factors than the IRS.
 - It's possible for one agency to view an individual as an employee, while another agency may view the same individual as an independent contractor.

Hiring Help (*cont.*)

- A well-structured interview helps you avoid employee issues down the road.
 - During the hiring process, many employers require applicants to give a practical session in addition to the interview.
 - Have the potential employee complete an entire client interaction routine with you to get idea of professionalism and communication skills.
 - Then return to the hiring process interview to ask any follow-up questions. Ideally, complete the interview process in a separate physical space from the treatment room.

Managing Your Staff

- As a manager or owner, you're responsible for “supporting” all the members of your team, including your support staff.
 - Remember to work “with” staff rather than manage from afar.
 - Carefully listen to all team members' input.
 - Allow plenty of individual autonomy; avoid micromanagement.
 - Make sure team understands company policies and procedures and knows when to take initiative and when to confer with you before taking action.

Employment Policies Checklist

- Expectations of work quality and customer service standards
- Chain of command
- Work hours and schedule
- Salary, raises, overtime, pay dates, leaves of absence, tardiness, sick leave, and bonuses
- Benefits package and eligibility requirements
- Personnel records, grievance procedures, and performance reviews
- Dress code, hygiene, smoking, and phone use
- Parking Employee discounts (of services and products) and purchasing procedures
- Actions requiring discipline and specific consequences
- Disciplinary procedures and grounds for termination

Managing Your Staff (*cont.*)

- Employment policies cover staff requirements and expectations.
 - Often included in a general policy manual or staff handbook
 - Opportunity to set clear expectations for conduct, behavior, procedures, and communication, as well as the defined roles for you and your employee(s)
- Use annual performance reviews that evaluate job performance and establish goals and objectives for the coming year.

Managing Your Staff (*cont.*)

- To cultivate camaraderie:
 - Hold regular staff meetings.
 - Find fair ways to balance tasks “Nobody Wants To DO”— perhaps with brainstorming sessions.
 - Make changes in company’s operations and procedures as necessary.
 - People are motivated most by recognition, appreciation, and participation.



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Highlights

As your business grows, bringing in other practitioners or hiring support staff can free you to do what you do best. Administrative, operational, or marketing tasks can often be handled efficiently and cost-effectively by someone other than you.

When considering staff, options include independent contractors, consultants, or employees. You may also find someone to work as an intern, apprentice, or temporary employee. Check local or regional industry trade association websites or publications for job listings.

Highlights (*cont.*)

Practitioners who are employees tend to be more committed to your business, and there's a heightened sense of camaraderie.

Many small businesses prefer to hire independent contractors, consultants, or service firms rather than employees. Potential pitfalls of working with non-employees include paying a higher price for their services and less control over the timeliness and quality of work.

Get legal counsel to develop an independent contractor agreement.

Highlights *(cont.)*

Carefully consider IRS guidelines regarding employment when deciding whether to hire an independent contractor versus an employee.

Never underestimate your staff; they're the ones who handle the daily tasks and often have some valuable input when it comes to conducting their work.

Performance reviews are an excellent management tool that promote effective, clear communication and establish a sense of teamwork.

Highlights (*cont.*)

If you hire support staff, hold regular staff meetings, provide top-notch training, and encourage initiative. Express appreciation for a job well done and recognize staff members that go the extra mile.