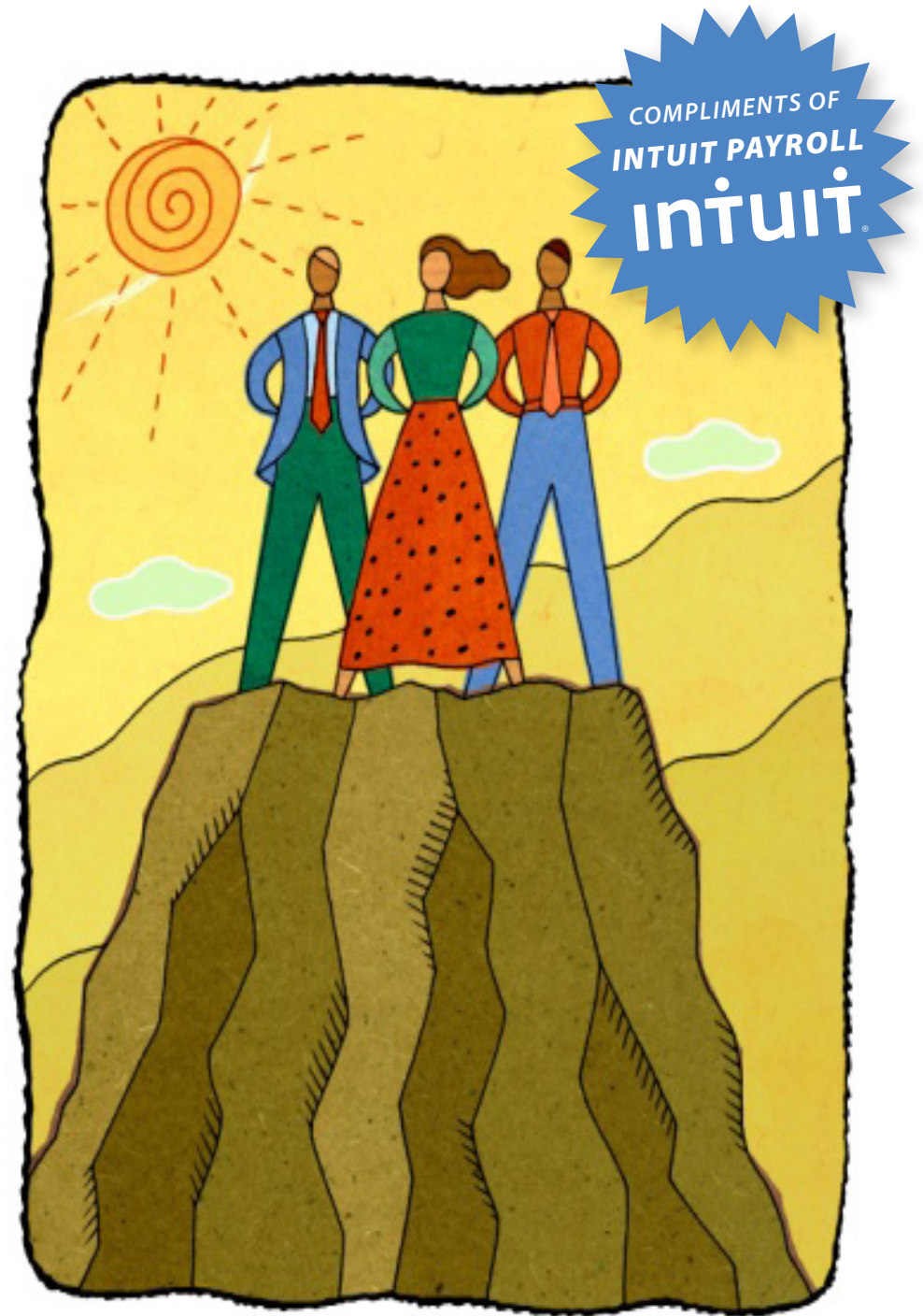


Be the
**BEST
BOSS**
Your
Employees
Ever Had

By Ken Darrow



Hiring your first employee is a big milestone on the road to becoming a “real” company. Without employees your growth is limited by how efficient you can be in doing almost everything yourself and outsourcing the rest.

Adding your first employee gives you a chance to get more done, extend your reach, lighten your load, and broaden the skills and capabilities of your enterprise.

But hiring your first employee is also a wonderful opportunity for your own personal growth, and a unique chance to become the best boss your employees ever had. And when you do become that boss, you’ll discover that running a small business is even more rewarding, and more successful, than before.

When you hire an employee, you’re adding a partner, a team member, a new member of your small business “family”. Boss, mentor, teacher, adviser, partner, sounding board, leader, and parent: you’ll be playing all of these roles with different employees. You’re going to need a whole new set of hats to wear as a small business owner.

At Intuit, we’re dedicated to helping small businesses be successful. With more than 1 million small businesses now using our payroll systems, we’ve seen a lot of people pay their first employees. And for most of them, we’re still their partner years later, now that they have many employees, often still including the first ones they ever hired.

—Ken Darrow, Intuit



Here are some of the keys to success:

Become a great communicator



To keep the advantage of being small, become a great communicator.

A business with just a few employees can often do as much or more for a customer, and faster, than a much larger company. And the smaller business can probably do it at lower cost, because it has less overhead to support. Don't let go of this important advantage; increase it by keeping your employees well informed, and avoid creating your own little bureaucracy that leaves them in the dark. Before you hire your first employee, your right arm knows what your left arm is doing, without saying a word. As soon as there are

two people in the company, you have to communicate with each other effectively. Become a great communicator, and you'll keep your small business advantage and have greater success.

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Treat employees well and you'll get big rewards

■ Make the effort to like the people who work for you.

A surprising amount of *choice* is involved in whether you like someone or not. Excellent teachers discovered long ago that you can like every kid in your classroom, regardless of their occasional failings and misbehavior. And that when you like every kid in the class, they all perform better.

Your employees will be happier and more productive if they know you like them.

That's because the kids know when you like them and when you don't, and respond accordingly.

It's the same thing with employees. Like the people you hire and you'll discover that the sentiment is returned. Your employees will be happier and more productive if they know you like them.

If you just don't like most people, then it's going to be tough to be an effective leader. You may have to start by hiring someone else to manage your employees for you. And you may wish to consider being a consultant or a broker or run some other kind of one-person business, and leave the hiring to others.



■ Respect the people who work for you.

They have their own lives, they're all part of their own families, and they don't exist solely to serve your small business. Respect their personal time and try to avoid interrupting their private lives. They'll appreciate it, and when you *really* need them to help you with a genuine emergency outside of work hours, they'll be willing to jump right in.

Respect works both ways. When you show respect, you earn respect. Give it away freely, and you'll be surprised at how much comes back to you.

■ Use your employees' brains, even for routine jobs.

Employees trapped in routine jobs with no audience for their insights may quickly decide that what they're doing doesn't really matter to the company. They may see an obvious waste of money going on, but feel powerless to do anything about it. That will undercut the motivation to do their jobs well.

No matter what you hired them for, your employees will be more effective, and happier, if they keep their brains switched on at all times. You shouldn't just rent their time for the most routine tasks; you should *hire their minds* to take initiative and make things better. Even routine tasks can be improved, and many of them involve customer interaction, which means your employ-

ees are representing your company. Tell them you value their ideas and their input, and then show them it's true. Notice and celebrate improvements. Find ways to reward successful ideas and extra initiative to help customers: cash, chocolate, sports tickets, a surprise day off.

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■ Pay attention to state and federal labor laws.

Many new employers begin from a position of ignorance of the law and just try to muddle through. But labor laws covering the minimum wage, the payment of overtime, and safety requirements *are not optional*. By embracing your obligations as an employer, you will avoid fines and create a more productive workforce that feels fairly treated. There is nothing like a flagrant violation of labor law to ruin your relationships with your employees. Don't let it happen to you, either on purpose or by mistake. You may pay a fine and be able to solve a legal problem, but it is much harder to mend your relationships.

■ Help your employees when they need something special from you.

As an employer, you are in a rare position to make a difference in the lives of your employees. Does someone need an advance on next week's paycheck, to pay for car repairs? Does someone else need a day off on short notice? Find ways to approve these things when you can. It costs you nothing, you'll get personal satisfaction, and you'll be repaid with loyalty and commitment.



■ Treat your employees as if you are the boss you wish you had in your own first job.

Being an effective employer is not about making people do things you hated doing in your own first job. It's about developing an environment of productive cooperation to accomplish the goals of the business.

Nobody likes to be bossed around. People do, however, like to take on challenges and meet them successfully. Treat employees well, give them the opportunity to contribute to the company's success, and watch it happen. You will be surprised.

As an employer, you are in a rare position to make a difference in the lives of your employees.

Learning is a two-way street

■ Learn from your employees.

An employer-employee relationship is not just a one-way street in a small business, where you know everything that is important to your business, and they know nothing at all.

Teach them what you know, so that you can truly extend your reach.



Every new employee can contribute to the intelligence-gathering process in your company. More people mean more eyes and ears interacting with the world, and coming across ideas that might help your business. Sometimes these ideas come from surprising places. Your employees may have family members and friends that are among your customers, and they may be hearing things that you don't hear. Or employees may know something interesting that is going on in related businesses. Perhaps they have encountered marketing ideas that might work for you, too. Make sure you are learning as much as you can from your employees, by listening to what they have to say.

■ Mentor your people.

Teach them what you know, so that you can truly extend your reach. You're trying to do more; that's why you're hiring employees. But nobody likes to be micro-managed; nobody wants you to tell them each little thing you want them to do, and how to do it, over and over again. If this is your approach, you'll find that your employees are powerless, unable to take action when you are not there to approve it. And they'll probably start hating their jobs. Instead, teach them how to do something right and then stand back and let them develop their skills. Keep mentoring them, but don't hover over their shoulders if you want them to become valuable players on your team.

■ Encourage your people to develop their skills.

In the modern economy, everybody needs to be smarter and more experienced tomorrow than they are today. Besides teaching and mentoring your people, find other ways to help them develop new skills and make an ever greater contribution to your business. There may be a nearby conference or tradeshow they could attend on your behalf. Perhaps there is a class they could take to learn a new skill, and you pay the cost of attending. When people are learning and using new skills, their job satisfaction goes up, and they're more likely to stick around. Don't be afraid that developing new skills will encourage people to leave. More commonly it's the reverse: people decide to leave a job when they feel they are no longer learning anything.

■ Develop their judgment.

There is often a judgment gap between the owner of a small business and the employees. The owner may have years of experience in this line of business, and the employees may all be new, with lots to learn. If that describes you, the



first thing you need to encourage is the development of good business judgment among your employees.

Talk to your people about how you approach a business problem. Give them a different business situation and ask how they would handle it. Then talk about how you would deal with the same situation. There are often key teachable moments when something happens during the normal course of work: take advantage of these teachable moments to comment on what just happened and what should be done.

Encourage the development of good business judgment among your employees.

■ Believe in your people.

With help and advice and mentoring, they can do the job. Give them enough help, advice and mentoring, and watch them conquer the world. By contrast, if you don't believe in your people, if you think that most people are lazy and will steal from you, you're going to have trouble leading your team. Your employees will feel the lack of trust, and their productivity will drop as a result. And that is generally more damaging than the risk of someone actually stealing anything meaningful from your company.

That doesn't mean you should leave money lying around in the open. But you are better off assuming people are honest than dishonest. And if you are in a business where an employee could potentially embezzle a large amount of money, you should be doing background checks before

hiring, and maintaining checks and balances. But being generally distrustful of your employees will not help you achieve your goals.

■ Depend on your people.

Nothing says you believe in someone more than when you depend on them to get something important done. Most people will do what it takes to rise to the occasion when they know you are counting on them. Which means: start counting on them right away.



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The kind of employees to hire

■ Add people who can help you accomplish your goals.

This should always be the case. Otherwise, why are you hiring them? But too often, once the interview process begins, there is a tendency to hire the people you like the most, not the people who can help you the most. It's a better idea to hire the people who can help you the most, and find a way to like them too.

Use the hiring process to get something for your business that you don't already have.

■ Hire people who can do things you can't do.

Hiring a new employee gives you an opportunity to add a skill you need, without having to spend the time to learn it yourself. You can always work harder, work longer, add efficiency tools, outsource lots of your tasks, and find other ways to increase your own personal contribution to your business. Use the hiring process to get something for your business that you don't already have.

■ Hire people that are smarter than you.

Think of hiring as an opportunity to make your whole company smarter than it is now. That will mean more success down the road. Don't be uncomfortable with the possibility that a new employee might be smarter than you are. If they are, you win, because they'll contribute to your success.



■ Make a difference in someone's life.

One of the profound ways in which you influence the world is through the daily operation of your small business. And you can make a big, positive difference in someone's life by hiring an employee that has had some bad luck and deserves a break from an understanding employer. You can be that employer. You can start a period of good luck in someone's life. Don't miss that chance to make a difference for someone deserving.

■ Hire parents.

There is nothing like raising children to build patience and maturity in people. Parents tend to be better at cooperating and at managing disagreements than people who have never been parents. Not only is it wrong to discriminate against parents when hiring, you are likely to find that parents turn out to be among your best contributors.



■ Hire a young person for their first job.

You'll get enthusiasm and an eagerness to learn. And you'll have a blank canvas upon which to portray what a great boss is like. They'll never forget it. And they may have friends that would love to work for you too.

Parents tend to be better at cooperating and at managing disagreements than people who have never been parents.

Thinking about compensation

■ **Compensate your employees fairly.**

Pay them as much as you can, more than the going rate. When you do, you'll get the best people, and they'll more than pay you back with loyalty and performance. And find additional ways to compensate them that are not in cash but are greatly appreciated. Add benefits if you can afford them; if you can't afford them now, plan to add them in the near future.

When they aren't worrying about when they will be getting paid, they'll pay more attention to your business.

■ **Pay your employees on time.**

Most people live pretty much paycheck to paycheck. They've got regular bills to pay, and they count on their paycheck arriving on a predictable day. Make every

effort to live up to your end of this bargain, and you'll avoid creating extra strain in the lives of your employees. When they aren't worrying about when they will be getting paid, they'll pay more attention to your business.



■ **Classify your employees appropriately.**

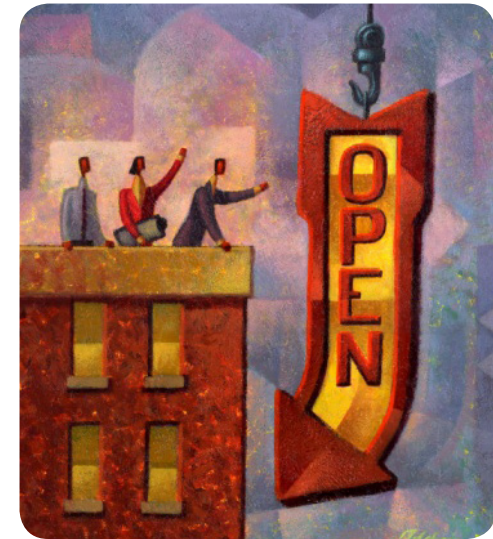
Many small businesses try to get around their obligations as employers by classifying their employees as “contractors”, and thus avoiding payroll taxes owed by the employer. This trick creates extra costs for your employees, however, and makes them ineligible for unemployment insurance

Work hard to find ways to build in flexibility as an extra benefit. It usually costs you nothing, but is greatly valued by your employees.

coverage. **And it’s illegal.** The IRS has clear rules about who is an employee and who is a contractor. In a nutshell, contractors own their own tools, make their own hours, manage themselves, and work for multiple employers. Employees are managed by you, use your tools and equipment in your workspace, and work only for you. It’s pretty simple, really. If your employees are employees by the IRS definition, classify them that way. You’ll save the cost of the penalties you’ll have to pay when the IRS eventually catches you, and you’ll have happier employees with more of a safety net protecting them. You’ll also join the world of real employers at real companies who shoulder their full responsibilities for the benefit of their communities.

■ **Offer a flexible work schedule if you can.**

Flexible schedules are very attractive to many people who need to juggle complicated lives. Work hard to find ways to build in flexibility as an extra benefit. It usually costs you nothing, but is greatly valued by your employees. Most jobs can accommodate some amount of flexibility in starting and ending times.



■ Offer vacation time, and make it flexible.

You should be offering at least 2 weeks of annual vacation to your employees, to give them a chance to relax and recreate. Vacation days should start to accumulate with the first day on the job. Let employees use



earned vacation days when they want to. That flexibility will be greatly appreciated. You may not want to give people an advance on vacation days not yet earned, but there is no good reason to force people to wait some artificial period of time, such as 12 months, before using vacation days they have already earned. If they leave, you'll have to pay them for that unused vacation time anyway. By letting them use it when they want to use it, they'll get a greater value out of it, which means you will too.

■ Appreciate your employees.

One of the keys to personal happiness is taking the time to express your genuine appreciation for the people around you. Share your praise, and you're the one that will feel happier, while your employees will feel valued, a key to job satisfaction. And higher job satisfaction means higher productivity and better retention.

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Over the long run

■ Share big audacious goals with your employees.

You'll find that most employees enjoy being part of something ambitious and adventurous, and they'll get just as excited as you do about something new that succeeds. People everywhere want to be proud of what they do. Give them that opportunity. For example, if you run a bakery, make it the best one in town. You'll find your

employees are pleased to be part of the best bakery, the best auto repair shop, or the fastest growing small company of any kind in any place.

■ Celebrate company achievements with your employees.

Entrepreneurs are generally self-confident and sometimes think that they alone are responsible for their company's success. But you can't get there without your employees. And your company's success is their success too. Be sure to include your employees in celebrations, and honor all of your company's achievements, big and small. Everybody likes to feel that they are accomplishing something; make it clear that you recognize their contributions too.

■ Hang onto your employees as long as you can when times are tough.

When you let someone go, you lose their skills and training and their understanding of your business. They probably know important things about your business that even you don't know. Can you really afford to lose this knowledge? Keep in mind you'll have to start all over again on the basics with someone new when times improve.

Be sure to include your employees in celebrations, and honor all of your company's achievements.

Don't forget to have fun!

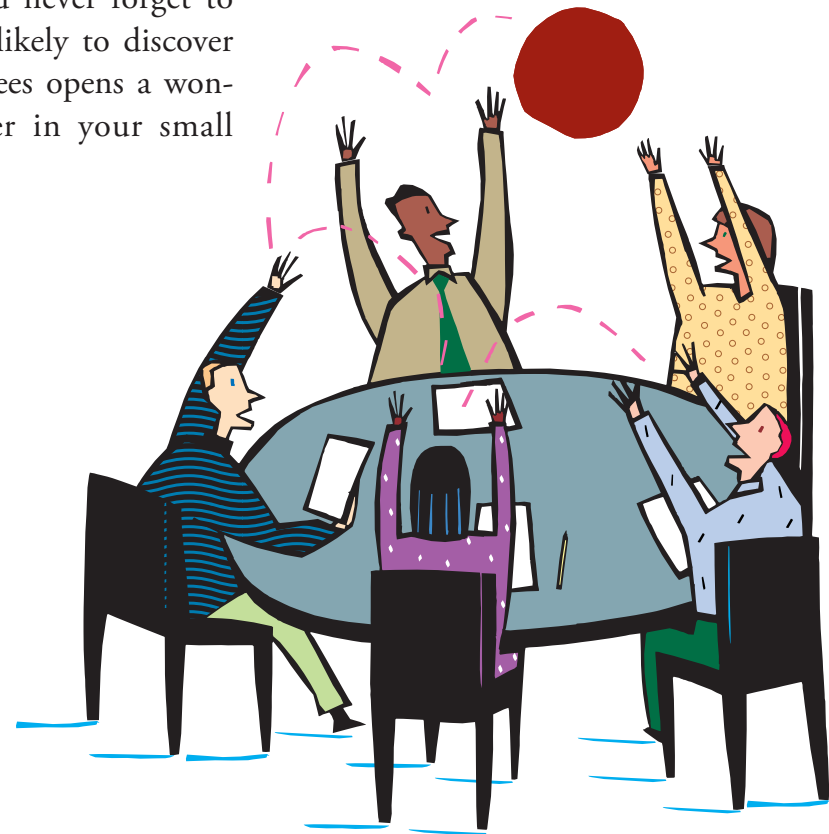
Look for ways to bring fun into the workplace.

Enjoy your employees. Having fun doesn't mean you're wasting time and goofing off. In fact, a workplace that is no fun is not likely to be a productive workplace over the long term. Many companies have proven you can have fun while being productive. Fun can enhance community, relieve stress, and energize everyone, thereby contributing to overall productivity.

So go ahead and hire that first employee.

And remember that there is no conflict between treating your employees well and achieving business success. Indeed, treating your employees well is one of the basic requirements for business success.

Become a great communicator, teach your employees, depend on them, share your goals, celebrate your company successes, and never forget to have fun! You are likely to discover that hiring employees opens a wonderful new chapter in your small business life. ■



Resources

Learn more about online payroll at: payroll.com

Payday in three easy steps:

1 Create Paychecks Online

Friday

Pay Period: 02/14/2010 – 02/20/2010 Pay Date: 02/20/2010

Pay Name	Regular Hours	Overtime Hours	Sick Hours	Vacation Pay
<input checked="" type="checkbox"/> Lily Wong	Salaried			
<input checked="" type="checkbox"/> Mark Howard	40			

Just enter hours & approve salaries.

Create Paychecks

2 Approve Paychecks

To see details of any paycheck, click the Details link. After you click Approve, you can print your Paychecks.

Pay Date	Name	Hours	Total Pay	Net Pay	Total Taxes	Direct Deposit	View Details
02/20/10	Lily Wong	40.00	1153.85	626.14	474.83	Yes	Details... Edit
02/20/10	Mark Howard	40.00	720.00	471.08	152.92	No	Details... Edit

You can edit checks before approving.

Approve

3 View Paycheck & Stub

Cardinal Peak & Hardware
123 Main St.
Petaluma, CA 94958

Pay to the order of: Mark Howard \$ 471.08

Four hundred seventy one and 08/100 *****

Pay	Hours	Rate	Current	YTD	TAXES WITHHELD	Current	YTD
Regular Pay	40.00	18.00	720.00	4320.00	Federal Income Tax	77.97	467.42
					Social Security	42.41	254.46
					Medicare	9.92	59.52
					CA State Tax	18.52	111.12
					CA State Disability Ins	4.10	24.60
					Health Insurance		
					Sick Leave	8.00	32.00
					Vacation	16.00	28.00

Net This Check: \$471.08

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