

Season 3 | Episode 72

Three Tips to Help Small Businesses Offset Hiring Challenges During Slowdown



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Gene Marks:

Hey everybody, this is Gene Marks and welcome to this week's episode of "On the Mark", where I take a little bit of something that is in the news and give you some thoughts to help you navigate your business around it. So, what's in the news?

Well, we know inflation is in the news, but not only is inflation really putting some pressure on us and our prices and our supply chain issues and keeping things under control, but it is exacerbating our hiring struggles, as well. I think that if you're listening to this, this should not be a surprise.

There was a big piece about this in the Wall Street Journal just in this past week. I mean, we're showing that based on recent payroll data that companies with fewer than 50 employees — sounds like you and me — our headcounts have declined in three of the past four months. The Journal article is reporting that many owners of many small companies are saying that inflation has added to the pressures of an already tight job market. It's making it difficult to keep pace with the wages and benefits offered by large employers.

We just saw this past week, I think it was United Airlines, increased their pay 14 percent to their pilots over the next 18 months. You know, these are big challenges, and 63% of small-business owners, according to the Journal article, said that hiring challenges are affecting their ability to operate at full capacity. That was a June survey of more than 825 small businesses.

So, yeah, you get it. You've got these same hiring challenges — the same thing with me; We're all looking for good people. I've got three pieces of advice for you to try to navigate your way around this. Remember, we've got 11 million unfilled jobs that are out there, and this was a problem even before the pandemic. It's going to continue to be a problem, but I think there are three things we can be doing right now to try to confront this issue.

No 1: We definitely need to reevaluate our compensation structure. We need to go to sites like Glassdoor or Salary.com or Payscale, for example, look at the compensation being paid to people in our area for certain job titles. We need to make sure that we are at least competitive. I know what you're saying, it might mean you need to increase compensation for some of your employees to get them on parity, but I got news for you; That's what you gotta do. It's going to increase our cost structure, which means we're going to have to find savings elsewhere or raise prices to our customers — whatever the case may be. But we have got to make sure we are paying a competitive salary.

I was just with a client last week who said they lost somebody in their accounting department because they went and got paid 20% more at another company a few miles away. You can't let that happen to you because it messes everything up when it comes to retaining your employees.

So, go to the sites that I mentioned: again, Glassdoor.com, Salary.com, or Payscale.com. Do some comparative analysis to make sure your salaries are good. That's No. 1.

No. 2: The one big advantage we have as a small business is we can be really, really flexible — more so than large companies. So, lean into that. Look at your workplace culture. You're the boss. You've got relatively fewer employees than a lot of other people. Make your workplace a great place to work. Have those fun days on Fridays, get involved in your community, take a stand on certain social issues that you can get your employees involved in. really evaluate your new employees, your new hires to make sure they fit into the personality of your workspace. And, also, try to implement flexible scheduling, paid time off that's more, like I said, flexible, a four-day workweek that can work.

We've got the ability to do this as small-business owners because we're really not constrained by policies and politics and bureaucracy. So, let's take advantage of this. I have to say that some of my clients — many of my clients — that are able to retain their employees, when I've been asking them and their employees about what's going on with them and the job market, I keep hearing again and again, "I like where I work. Yeah, maybe I can make a little more if I left here, but I like the owner of this company. I like what they're doing. I like the people around me."

It's very important for people to enjoy where they're working and who they're working with. To have the flexibility and feel like they're giving something back — if you can provide that atmosphere, I just think that's really, really important. It could compensate for the lack of compensation you might not be able to provide compared to some of your larger competitors. So, reevaluate your compensation and make sure you're on parity at least, have a great workplace culture.

Here's the third thing, my third comment; I think a recession is coming or at the very least we're looking at a slowdown. We're always seeing people in companies, in the technology industry laying off thousands of employees. I think financial services are next, and I do think that some other big-brand companies are going to be laying people off.

I think it is inevitable with the slowdown that's coming. They couldn't do that during the pandemic, for sure, but I think companies are going to be doing that now. Well, that's a challenge for a lot of those employees. But I've got news for you; It's an opportunity for us as small-business owners because we're struggling to find good people. And here I am telling you that good people around the country are going to be let free of their jobs just to make numbers. That's an opportunity for us to hire those good people.

So, squirrel away some cash, make sure you've got the financing or money available that great talented person because it can make a huge difference for your company if you hire the right people and bring them onboard. And don't limit yourself to hiring someone just local. They can be working remotely; we all know that work from home works nowadays. Take advantage of those remote options and hire them from there.

So, listen, big opportunities to hire people coming as big companies, I think, are going to be laying more off. Change your workplace culture to make sure it's a great fun place to work and also has very much flexibility — a good place where people like to come to work. And, of course, make sure your compensation is on par with others, if at the very least on the lower end. If you do those three things, that will really help you get through this labor shortage and I think it will have an impact on your business — not only finding new employees, but retaining great ones, as well.

Hope this information helps. Again, my name is Gene Marks and you are listening to the Paychex THRIVE podcast. If you have any advice or tips or help or would like to suggest some guests for us, visit us at payx.me/thrivetopics. That's P-A-Y-X dot M-E/thrive topics.

Thanks for listening. Hope this information is helpful for you. I'll be back next with some more helpful information and to let you know what's going on in the news. Take care and talk to you then.

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