

The Small Business: How do you know when you need HR? **By Sheri Stolp, SPHR, The Stolp Group, Inc.**

For the small business owner, conquering challenges like creating new business opportunities, improving the bottom line or finding a new office can seem like small potatoes compared to hiring and managing employees. And as the business grows, entrepreneurs can experience major challenges in terms of finding great people, performance issues and the thing we all dread most, firing someone. Add to that a complex set of state and federal employment regulations and the whole thing can seem pretty overwhelming. But here's the good news. In the world of HR, which I've lived and breathed for close to two decades now, you can pretty much pinpoint certain headcounts at which issues usually arise. If you keep these milestones in mind, you could avoid some problems down the road.

Let's start at the beginning. When a company is hiring their first few employees, the relationship between owner and worker is typically pretty informal. Few small businesses use application forms, have formal orientation processes, or even well-defined benefit packages. And you know what? That's okay! From a human resources perspective, as long as you are adhering to tax and withholding rules for payroll, and proper workers' compensation insurance has been secured, you'll probably remain in good standing. And this type of trust model, where personal dialogue and informal meetings are used to hire onboard workers, often provides the foundation to jumpstart the business without a lot of overhead or paperwork.

I believe the stage at which your workforce reaches between five and ten employees is one of the most critical to the success of the business long term. At this point, the credibility of the firm begins to rely not just on the owner, but often on the people joining the growing team. Key tasks like sales and customer service are often handed to employees at this stage. And it becomes crucial to successfully lure key talent away from the "big guys," without having to pay big salaries. When you reach five employees, really pay attention to your benefits in terms of partial ownership, future incentives against business performance, and other attractive options you may be able to offer down the road. I recommend that any promises you make, you make on paper. Also, play up the things that you can provide as an alternative work environment to big business. Flexible time, health club memberships, even a casual dress code are all things as a small business you can use to hire top talent. Put together a short document outlining all the fantastic things your business has to offer at this point, and be even more careful who you hire at this stage of the game. Reference check like crazy and always trust your gut if something doesn't seem quite right. A bad hire at this stage could be devastating to your business. I've seen it happen far too often, when you're often at your busiest.

An HR person like me works from the vantage point of an objective observer, or even a referee brought in to initiate new plays and help mediate issues. From that perspective, the biggest characteristic I see for companies when they hit double digits in terms of number of employees is high growth. And once again recruiting is key.

In fact, between 15 and 49 employees is when processes for HR become part of your business's critical success factors. For recruiting, your focus should now shift toward hiring a management

level of good coaches, trainers, and motivators. Your options for candidates have likely increased and more people know about your business, and want to join it. To maintain the quality of your team, it is imperative at this point to create guidelines and processes for recruiting and hiring candidates. Adhering to those policies can help safeguard you from potential liability, as well as help identify the key competencies that make your business tick. Up until now, you were probably active in every single hire. You've got to put practices in place to guarantee the type of new employees on whom you've always been able to put your personal stamp of approval. Until now.

The other key element in this 15-49 employee band is the onboarding or orientation approach for newcomers. The larger the staff, the more challenging it is to acclimate new workers quickly into the mainstream. And with the growth you're experiencing, there is no time for much handholding. Identifying and documenting workflow practices can be a tremendous help in this area. A simple manual of operations or "modernized" employee handbook can be a lifesaver, and even help identify things like cultural norms. (We all know how hard it can be to determine those when you're new to a job.) Finally, an informal policy toward training is a must at this level. Now that your key players are being held accountable for their subordinates, not to mention the overall organizational goals, a way to identify and schedule training is crucial.

I think 50 employees is a major milestone for any company. Not only are you subject to various major federal/state regulations, such as the Family Medical Leave Act (FMLA), it is the time when companies traditionally begin defining and articulating their unique culture. It is the true initializing of an internal identity. Competencies are typically defined and career ladders formalize. This not only creates a picture of the organization, it is tremendously helpful for giving employees a sense of purpose and belonging.

At this stage, your employees will want to grow along with the company. Employee development, and having someone responsible for that development whether it's a manager, HR representative or consultant, is a major factor in a company's success. Keep a strong focus on finding new and interesting ways to strengthen your existing team and keep them up to date on industry trends. Retention is even more important at this stage of the game. You've spent hours and hours nurturing and building this team. Now you've got to keep them challenged or turnover will hurt you. Encourage employee committees, and conduct regular surveys and "climate" assessments to keep tabs on the overall morale and positivity within your group. And lastly, scrutinize your employee benefit package to make sure it fits and attracts top talent.

Obviously, the things I've described here represent only a handful of people strategies during the various growth stages of a business. Your company will likely face a myriad of challenges as it evolves and changes. These suggestions are really meant as a springboard to help you manage, encourage and inspire the people that are accompanying you on the incredible journey of building your business.