



HOME-BASED AND MICRO BUSINESSES
**CASHING IN ON
BUSINESS OPPORTUNITIES**

RECRUITING, TRAINING, AND MOTIVATING EMPLOYEES

PREFACE

Experience indicates 68 percent of customers do not return to a business because of the indifferent attitude of an employee. The personnel a customer encounters in any retail or service establishment can form more lasting impressions than the merchandise itself, the price, or any other part of the business image. Service driven businesses whose employees show special concern for their customers will gain an edge over their competitors. If the product is superb but there is a breakdown in service, the business will suffer! How employees feel about their jobs will directly influence how they deal with your customers. They tend to treat customers as they have been treated by their employers. The way you manage your employees is crucial to your business.

This program can be disseminated through a seminar/workshop format or excerpts can be used for newsletters, press releases, or radio programs. The entire text or portions of text can be used as a handout. Charts can be used as handouts or as background for teaching. Case Studies can be part of a handout or as background for teaching.

Goal: To give entrepreneurs a plan for securing and maintaining employees who are assets to their businesses and are satisfied in their jobs.

Objectives: As a result of this session, small business owners will be able to achieve the following:

- Understand the importance of securing and maintaining informed and satisfied employees as a key to satisfied customers.
- Learn and understand the procedures taken in finding and in selecting employees.
- Learn, understand, and apply the principles of effective employee relations.

HANDOUTS

Handout 1 — Recruiting, Training and Motivating Employees

Handout 2 — Where To Find Employees

Handout 3 — Conducting an Interview

Handout 4 — Employee Checklist

Handout 5 — Example #1

Handout 6 — Example #2

ADDITIONAL RESOURCES

Employees: How to find and pay them, Publication PM-2. (n.d.) *Small Business Administration*.

Retrieved from http://archive.sba.gov/idc/groups/public/documents/sba_homepage/serv_pubs_pm_pdf_pml.pdf

10 Steps to Setting Up a Payroll System. (n.d.) *Small Business Administration*. Retrieved from

<http://www.sba.gov/content/10-steps-setting-payroll-system>

INSTRUCTIONAL MATERIALS

Who are the VIPs in your business? Certainly, without satisfied customers, businesses have to close. No one can argue with that. However, the people who are given the responsibility of keeping these customers happy are also VIPs—Very Important Persons. They are your employees, the individuals who represent you and your business.

Many home-based or micro businesses begin as one-person operations. Sometimes the entrepreneur plans to expand as the business grows, but for others it just happens. One day they find themselves handling numerous details and tasks someone else could do at a lower cost. If production is involved, the producer may be spending so much time in operating the business the product suffers. A bed and breakfast host may become so involved in getting menial but necessary tasks done that being pleasant and available to guests becomes stressful later on in the day.

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GETTING THE BEST EMPLOYEES

When your business operation calls for help, it is time for you to decide which responsibilities can be delegated to someone else and those you should keep for yourself. You need to develop a plan for recruiting and retaining the very best employees you can find for your business. Included in your plan will be procedures relating to the following:

- Recruiting—Selecting the right person for the job
- Training—Teaching new employees about the job and establishing expectations
- Maintaining and retaining excellent employees—Motivating and rewarding employees
- Terminating—Letting go employees when it doesn't work out

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RECRUITING

Job Description

Before beginning the hiring process, it is important that the owner/manager carefully evaluate the tasks that will be handed over to someone else. One extremely important question that must be answered is “What skills will be necessary to successfully do the job at hand?” After doing this job analysis, the manager should develop a clearly written job description. This job description may also be used later as a guide for interviewing, as a basis for performance review, and in the development of an employee policy manual. Items defined in the description include the following:

- *Duties and responsibilities:* Prepare a detailed list of tasks, such as answering the telephone, greeting customers, and maintaining records.
- *Requirements:* Include expectations such as punctuality, accuracy in typing and record keeping, neat personal appearance, and the ability to work well with people.
- *Special qualifications:* Develop a list of education, special skills, and work experience that are needed.

- *Hours:* Provide a list of the time requirements of the employees. Will the job be part-time or full-time; what are the specific hours of the day that the employee will be required to work (if different from usual work day); and mention a weekend schedule requirement if that is a factor.
- *Wages, pay scale, or salary range:* Consider establishing a pay range that will give you the flexibility to vary pay among employees. This will be especially important if you either have or plan to have more than one employee in the near future.

Securing Employees

After you have written the job description that determines specifically the help you need in your business, you need to address some other considerations or questions before you advertise or fill the position.

Government Regulations

If you have not had employees before, you should become familiar with the local, state, and federal laws and regulations that must be followed when you have employees. Federal and state laws require the employer to provide employee benefits in addition to wages or salary. Employers must pay into Social Security, Workers' Compensation, Unemployment Insurance, and in some cases, State Temporary Disability Insurance. These employee benefits will affect operating expenses and profits, plus require a great deal of the owner's/manager's time in completing and filing paperwork. You can find out about labor laws by contacting the U.S. Department of Labor, found under U.S. Government Offices in the Blue Pages of the telephone directory, or your state's Employment Security Commission (or similar agency).

Independent Contractors

Sometimes called subcontractors, these workers are not employees in the legal sense. However, many home businesses use independent contractors rather than hiring employees, especially for time-limited or seasonal work. These workers have a great deal of flexibility in their own time and typically are expected to provide their own tools with which to do the work. They pay their own taxes and handle their own insurance and other benefits. They can be contracted for a specific task. If you hire an independent contractor, you are not required to collect taxes or provide other benefits to the contractor. However, you do have to file a 1099 IRS form for each individual who was paid at least \$600 during the year. If you are limited in the amount of work space available in your place of business, this type of worker helps to relieve this problem, particularly if he or she is able to work off the premises (this would depend both on the resources available to the contractor and the type of work that must be performed). This type of worker is often paid on a piece work basis rather than having compensation based on the amount of time worked. Sales representatives can often be employed as independent contractors. A note of caution: IRS is very specific in distinguishing the independent contractor from the employee. If you choose this route, be sure you are in compliance.

Family Members

Hiring your spouse or your children to work in your business can provide some tax breaks, but it can also bring about problems as well. Many people start a business thinking that it would be a wonderful way to allow the family to be together 24 hours a day without

thinking about the consequences of this family bonding strategy. Other people start a business thinking that it will finally be the key to finding steady employment for a job-hopping relative. The scenario that is usually associated with this strategy is a child who is constantly changing jobs either because he just can't seem to find himself or he can't get along with any of his previous bosses or co-workers.

While both strategies are noble, neither very often work. If you are going to start a business to bring family members closer together, make sure that you ask the family members if they want to become closer with each other! In other words, make sure that they want to become involved in the family business. Furthermore, if the job-changing relative can't get along with other co-workers, chances are he or she will not be able to get along with you as a business owner and their employer either.

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FINDING EMPLOYEES

Now that you have done a job analysis, written a job description, looked at alternatives, and determined what you are looking for in an employee, you will need to proceed with the interview process. How many people do you wish to interview? Where do you want resumes or applications sent? Do you want to interview in-person? Where will you look for applicants? Here are some suggestions:

Classified ads	Community organizations
Private employment agencies	Friends and relatives
Temporary agencies	Posting signs
State employment agencies	Current employees
Unions	Walk-ins
Schools	

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CONDUCTING THE INTERVIEW

The job interview is extremely important because this may very well be the only contact you will have with that person before deciding whether to hire him or her. First impressions are formed on both sides of the desk within minutes or even seconds, so getting off to a good start ensures a more accurate appraisal. Begin preparing for interviews by writing down a list of questions you want answered. Although you don't want to inhibit conversation, having all applicants reply to similar questions gives you a better opportunity to compare their responses. Also, this list reminds you of important factors, and it provides a guide for impromptu interviews you have not arranged ahead of time.

Some rules of thumb for conducting an effective interview include:

- Conduct the interview in privacy.
- Put the applicant at ease. You may start with "small talk" before you get into the subject of the interview. Ask your questions in a conversational way rather than having him or her respond to an interrogation.
- Take notes during your meeting or immediately afterwards if you feel it might make your interviewee uncomfortable. Another option is to use a recorder after the applicant has left the room.

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- Be very candid about the job. Let the candidate know up front about your expectations for performance and about any benefits in question. If there are doubts from either the interviewer or the applicant, this is the time to clarify the situation.
- Ask questions relating to job qualifications/requirements, but beware of personal questions that might be considered illegal to ask, such as pregnancy plans.
- Ask questions that don't call for yes and no answers. You might ask the applicant what he/she liked best about his/her last job, or what were some of the worst problems. Give them a chance to talk about themselves.
- Give the applicant a chance to ask questions, also.
- Observe the applicant as to whether he/she would be a match for your job opening. Appearance, personality, and attitude are factors also. Is this someone with whom you will enjoy working? Someone who will represent you and your business well?
- Thank each applicant for coming and tell him or her when he might expect to hear about the selection. Follow through on this promise.
- It is a good idea to check references for any candidate you are interested in employing. Ask former employers if they would hire this person again.

TRAINING NEW EMPLOYEES

When employees are beginning a new job, it is extremely important that they have a thorough understanding of the job responsibilities and the standards for accountability. They need to know how you define good job performance. This is the time to emphasize the importance of good customer relations and to educate the employee about the products and services that are sold by the business. Unfamiliar tasks should be demonstrated. If the employee is required to complete forms, make a sample to be used as a reference. Any business rules and regulations or policies should be discussed along with the history and goals of the operation. Don't make assumptions about what employees know or can do. Training in these areas should take place as soon after employment as possible.

Most training for home-based and micro businesses will be done on the job. The employee will learn by doing. Use the job description for a teaching outline and remember that it is time efficient for the owner/manager to work closely with the new employee during this orientation period so the owner's and employee's expectations are the same. It is important that the employee has a clear understanding of what the owner expects. If people don't know what their goals should be, they have no way of knowing how to get there!

The training should address any standing policies or practices employees are expected to follow. Give employees a chance to ask questions and go over each item individually. Areas to emphasize include business rules and regulations, knowledge of products and services the business offers, pricing policy, return policy, co-worker relations, and customer relations. Make sure employees know exactly how you want your customers treated. If there are any exceptions, be sure to relay these to your employees as well.

Without properly trained employees, the sales potential of the best goods and services will not be reached. The irony, say Blanchard and Johnson in *The One Minute Manager*, is that most companies spend 50-70 percent of their money on people's salaries and less than one

percent to train their people. Most companies spend more time and money on building and equipment maintenance than they do for maintaining and developing people.

MAINTAINING EXCELLENT EMPLOYEES

Communication

Working with employees, customers, and family members is a lot easier if we communicate expectations clearly and give the employees an opportunity to express theirs. It is necessary that goals, both long term and short term, be mutually set and frequently reviewed. Poor communication can result in poor cooperation.

The process of giving and asking for feedback is an important part of communication. You need to understand how employees, customers, and the community view your business. Asking employees for opinions and suggestions encourages creativity, innovation, and dedication.

Honesty and consistency are two characteristics that assist a manager in building employee morale and contribute immensely to a stable and motivated workforce. If a manager communicates with employees on a regular basis and knows them personally, they are more likely to respond quickly and positively. This also gives employees reassurance that you are there and available when needed. Take time to get to know them better; find out about their concerns and their ideas regarding the business and its operations.

Employees want to be kept informed. Information about the business should be discussed with them. They should be aware of any big changes forthcoming in a business, especially if changes will affect them. If employees are informed, they are likely to be more willing to participate in the change because they feel some ownership in the new concept. It is essential to announce events in time for employees to adapt to new situations.

Communicating effectively is a fundamental part of managing people. Expectations should be specific and timely. Tell them exactly what it is you need and try to give them a proper amount of lead-time. While you may communicate these expectations verbally, a written message can be used as a follow-up reference.

Positive reinforcement that lets people know when they are doing a good job boosts confidence and pride in their work. Don't make employees wait until they have learned the entire process or for a performance review. Tell them immediately.

The downside of praise and stroking is the real world of making mistakes and having to answer for those, too. Blanchard and Johnson believe that reprimands are most effective when done immediately and by telling the person specifically what was done wrong. Being forewarned to expect a reprimand as soon as mistakes happen is part of the orientation process, but the person is also made aware that the problem is strictly a performance rather than a personal problem. After that, the matter is considered closed.

The practice of immediate reprimand promotes efficiency for both the employee and management. If an employee is left to his mistakes until the next performance review takes

place or the manager files it away in his head, the business suffers and the employee runs the risk of being dismissed because of a collection of mistakes. This is sometimes called the “leave alone-zap” or “gotcha” style. If managers would intervene early and resist storing up observations of poor behavior, the employee could tackle one problem at a time. However, reduce the risk of making employees feel targeted by reassuring them and giving them praise about something they have done well after pointing out the wrongdoing. It is important they be reminded that they are valuable and worthwhile to you and the business.

Two other items are important regarding the reprimand of an employee: (1) Do it in private, and (2) Be certain the wrongdoing has taken place. Never give a reprimand based on hearsay.

Rewarding Excellent Employees

The range of rewards for excellent and loyal performance runs the scale from basic positive behavior in the form of body language, courtesies, respect, expressions of concern and caring, and other important mannerisms to financial rewards such as raises, paid time off, benefits, incentives, training opportunities, and other perks. In between are relatively inexpensive rewards like a free lunch on your birthday or points toward a shopping spree. In his book *1001 Ways To Reward Employees*, Bob Nelson says, “When we ask employees what motivates them at work, money is never on top. They want to be recognized by their bosses; they want to be involved in decision making. They want interpersonal rewards.” Recognition appears at the top of almost every list.

Terminating the Problem Employee

If a problem with an employee reaches a point where termination of employment is necessary, an owner should make an effort to see the situation is handled as positively as possible.

Although it is sometimes necessary to dismiss an employee who is not working out for the best interests of the business, it is important to document the reasons for this decision. Keep a record of all communications with and about the employee that concern his or her performance. For documentation purposes, use as many facts as possible, including numbers, measurable data, quotations, and objective facts. Be sure to date the memos.

Maintaining files on all employees will be a protection to you and the business. If the discharged employee files for unemployment compensation, you will have to document the reason for discharge. If you are charged with discrimination or harassment, the records will help support you.

When you discipline an employee, it is important to document events leading up to the discipline. The best protection you can have is a written letter to the employee detailing the events leading up to it and giving him notice further occurrences will be cause for dismissal. Have the employee sign and date a copy of all memos for your file.

SUMMARY

Many home-based and micro businesses start as one-person operations. However, when growth necessitates hiring employees, a new dimension is added. The entrepreneur must then seek information about compliance with local, state, and federal laws and regulations regarding employees in the workplace; decide which jobs will be delegated to employees and come up with specific descriptions for each assigned task; create a plan for seeking applicants; interview prospective employees and select those that best fit the needs; train new employees for the assigned jobs; and try to keep employees who show excellence and dedication. This is a big job!

Having to let go an employee is usually listed by owners as one of the most undesirable aspects of being in business. It also means the investment the business has made in that employee is lost. If that employee has been guilty of gross mistakes, both the business and the employee have lost. The goal then, is to manage your employees in a way that will make them feel good about themselves, make your customers feel good about doing business with you, and make your work environment a pleasant place to be.

The following steps encourage the kind of situation that brings benefits for all:

- Make customer and employee satisfaction very important in your business, and establish policies that foster good customer relations.
- Before hiring a new employee, think about the job you need to have done and outline a description for that job, including necessary skills. Make a strong effort to find the right person to fit that job.
- Invest in your people by providing a thorough orientation to the job and training in any specific skills needed. Help them set goals for maintaining the expected job performance.
- Effective communication is a fundamental part of managing people. The process of giving and asking for feedback is an important part of communication.
- Give them positive reinforcement as they are learning to perform the job and let them know they are valuable to you and your business.
- Let them know immediately when they make mistakes so they can correct them immediately, and confirm their mistakes are performance related, not personal.
- If it becomes necessary to terminate an employee, do it in the most positive way possible.

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HANDOUT 1

RECRUITING, TRAINING AND MOTIVATING EMPLOYEES

Recruiting Employees

Selecting the right person for the job

Write a job description that will cover the following areas:

- Duties and responsibilities
- A detailed list of tasks such as answering telephone, greeting customers, and maintaining records
- Requirements and special qualifications
- Expectations such as punctuality, accuracy in typing and record keeping, neat personal appearance, and ability to work well with people
- Education, special skills, work experience
- Hours
- Part-time or full-time, specific hours of the day if different from usual work day, and week-end schedule, if that is a factor.
- Pay scale or salary range (Especially if you will have more than one employee, consider establishing a pay range that will give you the flexibility to vary pay among employees.)

Finding employees:

- Classified ads
- Private employment agencies
- Temporary agencies
- State employment agencies
- Unions
- Schools
- Community organizations
- Friends and relatives
- Signs and bulletin boards
- Current employees
- Walk-ins

For more information about finding employees, see *Where To Find Employees* (Handout 2). For information about interviewing prospective employees, see *Conducting the Interview* (Handout 3). For more information about employer responsibilities, see *Employer Checklist* (Handout 4).

Training Employees

Employees beginning a new job need:

- To be trained as soon as possible
- A thorough understanding of job responsibilities and the standards for accountability
- To know policies, rules, and regulations
- Product and service knowledge
- To know what is considered good job performance
- To understand the importance of good customer relations
- To understand the importance of good co-worker relations
- Training in job skills
- To be given an opportunity to ask questions and make comments

Maintaining Excellent Employees

Keep good communication channels open by:

- Being honest and consistent
- Giving and asking for feedback
- Giving positive reinforcement as they are learning to perform the job and continuing throughout their tenure
- Letting them know when they make mistakes so they can correct them
- Immediately and letting them know mistakes are performance related and not personal
- Keeping employees informed about the business and any big changes forthcoming
- Helping them set both short term and long term goals

Reward excellent employees by:

- Showing genuine concern and respect for each individual
- Offering financial rewards such as raises, paid time off, benefits, incentives, training opportunities

(See Handouts 5 and 6 for reward ideas.)

Terminating a Problem Employee

- Handling the situation in a positive way, if possible
- Maintaining files on all employees
- Keeping a record of all communications with and about the employee that concern performance, using as many facts as possible, dating memos
- Documenting events leading up to the dismissal

For more information, see Employer Checklist on terminations (Handout 4).

Prepared by Patty Rai Smith, Extension Specialist, University of Kentucky.

HANDOUT 2

WHERE TO FIND EMPLOYEES

Source and Cost

Classified ads in the help wanted section of metropolitan newspapers, community shippers, and trade publications are well read by job-seekers. Costs vary with readership, number of times ad is run, complexity of copy, and artwork.

Private employment agencies match job seekers and employers and may specialize in clerical, manual, executive, or other job classifications. A fee of 5 percent to 15 percent of the first year's salary may be paid by either the application or employer.

Temporary agencies recruit, test, and hire people in a number of job categories and place them with employers for limited periods of time. The employer pays a fee based on the number of hours the employee works. Rates vary depending on job classification.

State employment agencies are under federal auspices with 2,000 offices throughout the United States. Costs are paid for by taxes on payrolls, and services are free to both employers and employees.

Unions may have an excellent referral system, especially in metropolitan areas and in certain job categories. Referral services are free.

Schools—trade, professional, vocational, local high schools, and colleges—may have a placement counselor or job bulletin board. Referral services are free.

Community organizations, both private and public, are set up to improve local community conditions and often have job training programs. Referral services are free.

Characteristics

Employer can choose to have applicants reply by telephone or write to a box number; the latter method allows for confidential replies and application screening before scheduled interviews. Trade publications are especially advantageous in reaching a specific industry audience.

Agency pre-screens applicants with tests and interviews, ideally weeding out unsuitable candidates. The employer pays fee only upon hiring the agency's applicant, or a temporary or reduced fee if the employee fails to stay a guaranteed length of time.

Employer can obtain qualified people on short notice for emergency projects, seasonal relief. Hourly rates are more expensive than straight hire, although administrative costs are eliminated and the employer does not have to add another person to the payroll.

A nationwide network of offices enables wide recruitment in some areas; computer job banks match jobs with applicants. Service may be somewhat less personal than with a small private agency.

Referrals are usually experienced and have union approval, although some unions require that referrals be accepted sight unseen.

While students may be inexperienced, they are often available part-time, on holidays, and for emergencies, and are not looking for long-term employment or benefits programs.

Applicants may lack previous experience and require special attention. Grants for training are sometimes available from the Department of Labor.

*Reproduced from "Working with People," "Getting Down to Business: Cooperative Extension," Western Rural Development Center. Prepared by Marion Bentley.

HANDOUT 3

CONDUCTING AN INTERVIEW

- Conduct the interview in privacy.
- Put the applicant at ease. You may start with “small talk” before you get into the subject of the interview.
- Ask your questions in a conversational way rather than having them respond to an interrogation.
- Take notes during your meeting or immediately afterward if you feel it might make your interviewees uncomfortable. Another option is to record the interview and review it after they have left the room.
- Be very candid about the job. Let them know up front about your expectations for performance and about any benefits in question. If there are doubts on the part of either the interviewer or the applicant, this is the time to clarify the situation.
- Ask questions relating to job qualifications/requirements, but beware of personal questions that might be considered illegal to ask such as pregnancy plans.
- Ask questions that don't call for yes and no answers. You might ask them what they liked best about their last job or what were some of the worst problems they have faced. Give them a chance to talk about themselves.
- Give the applicant a chance to ask questions, also.
- Observe the applicant as to whether he/she would be a match for your job opening.
- Appearance, personality, and attitude are factors also. Is this someone you will enjoy working with? Someone who will represent you and your business well?
- Thank applicants for coming and tell them when they might expect to hear about the selection. Follow through on this promise.
- It is a good idea to check references for any candidate you are interested in employing. Ask a former employer if he/she would hire this person again.

Prepared by Patty Rai Smith, Extension Specialist, University of Kentucky.

HANDOUT 4

EMPLOYER CHECKLIST

During recruiting and interviewing:

- ___ Write a job description that provides specific information on the job's tasks and the requirements (educational, physical, etc.) that will be required to complete these tasks.
- ___ Develop guidelines regarding the wages and hours required for the position. Consider potential employee fringe benefits that are beyond those required by law (Social Security, unemployment insurance, etc.).
- ___ Prepare informational packets for distribution to agencies or individuals that may be a source of applicants. Be sure to contact these parties.
- ___ Register as an employer with State Department of Labor or other relevant agency and obtain an Employer Identification Number (EIN). Learn about the other federal and state requirements of employers regarding employees.
- ___ Prepare for interviewing applicants by having application blanks, testing materials ready, and interview protocols ready.
- ___ Be sure to contact the applicant's employment references after interview is completed.

After hiring:

- ___ Cancel all want ads, requests at agencies, and other publicity about the job.
- ___ Have the employee complete a federal withholding exemption form (W-4). These forms are available from the local IRS office or from the IRS web site at www.irs.gov.
- ___ Organize an employee records file for new employee and be sure it contains all required information, such as their Social Security number and copies of all documents signed by employee, including agreement of employment, if used.
- ___ Make sure the employee knows and understands the responsibilities associate with the job and has the appropriate tools to achieve satisfactory performance.
- ___ Provide employees with statements of earnings and deductions for each paycheck and make sure that checks are issued at times and in form approved by the state.
- ___ Keep employee files current, indicating raises, promotions, outside courses of study completed, changes of address, and marital status.

- ___ Send employees annual statements of earnings as required by state and federal laws. This requirement is usually satisfied by distribution of IRS Form W-2 that is available from a local IRS office or from the IRS website at www.irs.gov.
- ___ Obtain periodic statements from employees who receive tips of more than \$20 a month. (IRS Form 4070 may be used.)
- ___ Remit quarterly and annual statements of salaries paid and deductions made to the appropriate government entities (these may vary by state); conform to requirements on depositing withheld taxes.

Terminations:

- ___ Counsel the employee whose dismissal is contemplated and provide specific written strategies for correcting the employee's deficiencies. Be sure to maintain complete and accurate records of these sessions.
- ___ Issue written warnings in advance of dismissal and maintain complete and accurate records of these communications.
- ___ Conduct an exit interview with terminated employee to determine if there are requirements associated with the position that can be modified in the future.
- ___ Get the terminated employee's forwarding address in order to facilitate the delivery of follow-up employment related correspondence (paychecks, earnings reports and statements, etc.).
- ___ Provide severance pay (if it were promised) and send statements of wages and earnings to employees within 30 days of termination.
- ___ Put terminated employee's file in order, noting the reason(s) for termination. (Some employers ask employees to sign a copy of the termination notice.)
- ___ Provide accurate and complete answers to requests for information from the Workers' Compensation, Disability or Unemployment Insurance Boards if employee has applied for any of these benefits.

HANDOUT 5

EXAMPLE #1

Phyllis Brody and Evelyn Greenwald are co-owners of Creativity for Kids, a company they started twenty years ago to offer activity kits for children. They began by offering three different types of kits packaged in burlap bags (one had pieces of wood, one bits of fabric, and another assorted material for puppet making) they put together in their homes with the help of family and friends. The company now has 90 employees and offers hundreds of different kits. Using materials such as sand, beads, feathers, and clay, they challenge the childrens' imagination and encourage them to use their problem-solving skills.

In May 1996 the co-owners were among about 100 corporate executives honored by President Clinton at a National Economic Council conference for their commitment to their employees and communities.

"You always feel like you can talk to Evelyn and Phyllis about problems that come up on the job or elsewhere, and they let you know when they think you have done a good job on some project." -Employee Sharon Matovich

"Creativity for Kids passed the 'pronoun test'—employees who say 'we' and 'our' when talking about the company." -U.S. Secretary of Labor Robert Reich "Here, everyone feels like he is sharing in the company's success."

Creativity for Kids will hire workers' family members and provides extra leave to employees when a child or other family member is sick. The company will also help pay transportation costs (taxis, etc.) for second-shift workers.

"It's not that we can do everything employees want us to do, but we have found employees are more productive and do a better job if they are asked for their opinions and valued as employees." -Phyllis Brody, co-owner

Prepared by Patty Rai Smith, Extension Specialist, University of Kentucky.

HANDOUT 6

EXAMPLE #2

Examples of employee rewards:

- Workers at Lowe's Cos. Inc. get a free lunch in the company cafeteria on their birthdays.
- Managers at Bell Atlantic's cellular phone division name cell sites after top employees.
- One night every year, Walt Disney Co. opens its parks exclusively for employees. Executives and top managers wear Disney character costumes and operate the rides.
- Apple Computer placed the signatures of all employees who worked on the first Macintosh computer inside the product.
- Hecht's hardware store, based in Arlington, Virginia, rewards employees with points toward shopping sprees every time they are overheard calling a customer by name.
- At the Angus Barn Restaurant in Raleigh, N.C., employees are rewarded a free entree anytime he or she is "caught in the act of caring."
- Cygna Group, engineering consultants in Oakland, California, has a "Take The Rest of the Day Off and Do" reward. After finishing a big project, a manager may spontaneously give everyone the day off and take them to a ball game.

* Rewards cited in *1001 Ways To Reward Employees* by Bob Nelson.