Courtesy of

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Getting New Hires Off to a Good Start

Take a moment to imagine what it would be like to walk through the doors of your company for the first time. How would you like to be treated? What training and tools would you need to get started in your new job?

First Impressions

How your business welcomes new employees can have a big impact on their future relationship with the company and on their long-term performance. An employee who feels overwhelmed or unwelcome during the first few days of a new job may never become an enthusiastic contributor to your organization. While providing proper guidance and training for new employees requires some time and effort on the part of experienced staff, investment in an orientation program will likely result in lower turnover and higher productivity rates for your company.

Companies that hire people in groups tend to take an impersonal approach to employee orientation. Employees are herded together in a room where they listen to presentations or watch videos about the company's policies and procedures. Often the new hires are handed a dense employee handbook and asked to fill out various legal and benefit forms. Then the new employees are given a quick tour of the facility and rapidly introduced to large numbers of co-workers.

While this may appear to be an efficient way to bring new employees into the organization, it is hardly a friendly way to welcome people. Most new employees come to a new workplace eager to do the job for which they are hired. Being asked to listen to a laundry list of company policies and retain dozens of names and faces can exhaust newcomers, and it may even put them on the defensive.

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Information, Orientation, and Training

Smaller companies frequently pride themselves on avoiding the cookie-cutter approach to employee orientation, but other problems can arise when companies do not have a Human Resources professional to handle the orientation process. Failing to provide essential information is, potentially, even worse than inundating the new hire with details of policies and procedures. It is also highly embarrassing and uncomfortable for both the employee and the employer when a new hire arrives for the first day of work only to discover no desk, computer, or other tools have been assigned for his or her use.

There are certain types of information employees must be given before they can begin their jobs, such as safety rules or time card policies. If possible, this vital information should be delivered by the employee's immediate supervisor. By sitting down with the employee on the first day to discuss the duties of the position, as well as any essential procedural information, the supervisor begins to build a relationship with the new hire. If the supervisor does not have the time to conduct the orientation personally, an experienced employee may be assigned to guide the new hire, possibly serving as a mentor for the first few days or weeks. In addition to having an HR manual to reference, new employees should know whom to ask when questions arise.

To make a new employee feel welcome, co-workers may want to make a point of inviting him or her to join them at lunch or break time. Establishing friendly and professional relationships with co-workers can help an employee feel more comfortable in a new environment, and this may ultimately inspire greater loyalty to the company.

Inadequate or improper training sets up a new employee for failure. Newly hired workers may have the skills necessary to do the job, but they will generally require some guidance and instruction to understand the processes and procedures particular to your company. It is worth remembering that new employees are usually anxious and uncertain about how they are expected to behave and perform. Providing clear and thorough training will ease that nervousness, enabling the employee to carry out his or her duties more competently and confidently. If a new hire makes a mistake, it may be because training was not sufficient. Before reprimanding a new employee, consider whether the mistake was primarily the fault of the individual or of the organization.

Productivity and morale among all staff members can be negatively affected when new employees are not given the information, the tools, and the support they need to do their jobs well. An effective orientation program may minimize the chances that a promising new hire could turn out to be "a bad fit" who must be replaced.

Financing Your Own Business

Starting a new business can be an exciting adventure. Finding the location, formulating a business plan, and hanging the "Open" sign may fulfill one of your long-cherished dreams. However, securing capital to begin operations during a tight economy can be challenging. There are a number of potential sources of financing to consider. Some entrepreneurs are able to secure bank loans or venture capital, while others may qualify for a guaranteed loan through the Small Business Administration (SBA). Other prospective business owners turn to family members or friends for financial support.

Typically, personal funds are the primary source of start-up capital, and many successful entrepreneurs have used their own financing to get started. Although some prospective entrepreneurs prefer to assume the risk rather than share the equity by financing their start-ups out of their own pockets, others may be unable to raise sufficient capital from outside sources.

Here are some key reasons why business owners may choose to personally finance their own ventures:

Control. Entrepreneurs are often willing to assume greater risk in order to retain greater control over their businesses. A dilution in ownership could result in a less focused business. Founders who wish to retain control but require start-up capital from outside sources may want to consider including a **"buy-back" clause** in the financing agreement.

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Employee Benefits: Retirement Plans and More

As an employer, you know that retirement benefits are an integral part of your employees' overall compensation package. Offering a retirement plan can be beneficial for both you and your employees. It can demonstrate to valued employees, or prospective employees, that your concern for their welfare extends beyond the office walls and their years of service. There are a number of different retirement options available, including the following:

Defined contribution plans, such as a **401(k)**, let employees contribute a percentage of pretax salary, with restrictions, into a retirement account that allows earnings to grow tax deferred. Employers have the option of matching contributions, up to a predetermined percentage and subject to a maximum.

A **Simplified Employee Pension (SEP)** is a common retirement plan option for employers with 100 or fewer employees. With SEPs, employers use **Individual Retirement Accounts (IRAs)** as a way of providing employees with a pension benefit.

Savings Incentive Match Plans for Employees (SIMPLEs) are also designed for employers with 100 or fewer employees. This type of plan uses either IRAs or 401(k)s to provide a retirement benefit for employees.

Defined benefit plans, or pension plans, provide an employee with a retirement benefit, generally based on the employee's length of service, salary, and a benefit formula that typically calculates the average of the employee's earnings over a prescribed period of time.

In deciding which type of retirement plan to offer, you may want to consider the following: the ages and compensation histories of employees, level of employer contributions anticipated, your company's profit history, plan administration costs, and the expected length of time the plan will exist. A wide variety of plans are available to you, and so it makes sense to choose a benefit package that best suits your business.

More Than Retirement

Employers may want to offer their employees numerous additional benefits that can serve to improve the employees' quality of life. These include, but are not limited to, flexible spending accounts (FSAs), dependent care accounts, medical expense reimbursement accounts, vacation and sick-time benefits, maternity benefits, adoption benefits, employee assistance programs, fitness club memberships, credit unions, and the use of company vehicles.

Services and programs that help employees may result in improved satisfaction levels, greater employee retention, and increased productivity.

Financing Your Own Business

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Speed and Simplicity. Some small businesses may be launched quickly and relatively easily with personal funds. Entrepreneurs usually have a solid understanding of their business needs and are able to project the initial costs of doing business. Consequently, they may prefer to avoid the time and intrusion of outside scrutiny.

Modest Needs. Many owners may be able to begin operations with only a modest cash infusion. For instance, some of the most common types of businesses—franchises, start-ups, and small family businesses—may not require capital-intensive planning at the outset. In particular, service businesses may tend to have lower initial operating costs and a shorter "burn rate" (i.e., the length of time before achieving a positive cash flow).

Expertise Counts. Most start-up businesses require specialized knowledge or expertise that enables the owner to personally manage operations. Some of the most popular ventures are construction companies, restaurants, cleaning services, automotive repair shops, beauty salons, computer repair services, and consulting services. In these types of businesses, many of the start-up costs have already been "paid in the trenches" before the company is founded.

Owning your own company may be an attainable goal. If you are contemplating starting a business, contact local banks, business organizations, trained professionals, and even family members and friends for advice and support. You never know who may be ready to lend a hand. Remember, a sound financial plan outlining your capital resources and requirements is an important first step on the road to fulfilling your dream.

Hire Your Children and Help Them Save

Hiring your teenage children to work in your business can give them valuable employment experience and teach them to handle responsibility. Plus, if you can persuade them to deposit at least part of the money they earn into a **Roth Individual Retirement Account (IRA)**, this can also give them a head start in saving for their future.

Because children seldom make enough to owe tax on their income, they may be better off with a Roth IRA than a tax-deferred traditional IRA. In 2019, your child is allowed to contribute $6,000 (or his or her earned income, whichever is smaller) to a Roth IRA. Contributions are nondeductible, but potential earnings and qualifying distributions are tax free.

A Roth IRA offers the greatest growth potential if the account is left untouched until the holder reaches the age of 59½. At that age, the holder can withdraw earnings tax free without penalty, provided the account has been owned for five years. Although the IRS does permit penalty-free Roth IRA withdrawals to pay for education or to help with a first-time home purchase, taxes are owed on nonqualified early withdrawals.

Before you open a Roth IRA for your child, keep in mind that you cannot stop your child from withdrawing money from the account whenever he or she wants after reaching the age of majority, which is 18 in many states. If you are uncertain about your child's ability to manage money, opening an account in your child's name may not be the best choice.

In addition, only taxable compensation income can be sheltered tax free in a Roth IRA. Generally, paying your children for doing chores around the house does not qualify as compensation income, as this is an intrafamily transaction usually not reported to the IRS. As a business owner, however, you are permitted to hire your minor children to

perform certain jobs. As long as you pay your children a fair market wage for the services they perform, the money they earn can be considered compensation income and be invested in a Roth IRA.

It is essential to keep detailed records of how the money contributed to a Roth IRA was earned, even if a teenager's working arrangements were informal and he or she did not earn enough to owe income tax. If the IRS determines that the funds deposited in a Roth IRA were not matched by compensation income, severe penalties could apply.

Your toughest task may lie in convincing your adolescents to save, rather than spend, their earnings. The good news is that, even if your teenager goes out and blows his paychecks on a new smartphone and skateboard, all saving is not lost. If, for example, your son earned $2,500 over the summer but spent all the money, you could still contribute the amount equivalent to his taxable earnings into a Roth IRA on his behalf, thereby helping to ensure he has something set aside when he retires and his skateboarding days are behind him.