



from
HIRE
to
FIRE

Everything
&
In Between

MANAGING THE EMPLOYEE LIFE CYCLE

Hire, Manage, Wellbeing & Exit

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WHY SHOULD YOU CARE?



Many business owners start their businesses because they have a great idea that they wish to take to market or they are really good at something technical. People very rarely start a business because they want to manage employees.

If business goes well, however, then you're likely to end up with employees sooner or later. The bad news is that I can absolutely guarantee that if you have employees, you are going to have an issue at some point. It's a numbers game—the longer you are in business and the more employees you have, the greater the chance of internal conflicts, performance management issues or harassment.

And then what? If you're like most small business owners, you're probably ill-equipped to deal with these issues.

Because small business owners generally get into business to launch an idea or leverage their technical skills, they resist learning about employee recruitment, management and dismissal. It all seems too complicated, and with legislation changing all the time it feels impossible to keep up. This leads some owners to bury their heads in the sand, thinking that what they don't know won't hurt them.

I'm afraid, though, that lacking knowledge or experience is not a defence. Claiming ignorance and taking a 'she'll be right, mate' attitude will not help you if you are called before the Fair Work Commissioner. As an employer, you are expected to know the legislation

The other issue I commonly see is working around the expense of employees. As many businesses start on a shoestring, they often look for cheaper employment options, like using cash-in-hand employees or independent contractors. This could cost you more in the long run with the Australian Taxation Office (ATO) regularly reviewing industry segments for cash employees and charging significant fines for this activity. While using independent contractors may feel like a simpler arrangement, if they are acting as permanent employees, this is a breach

known as sham contracting, an area that has been a focus of the Fair Work Ombudsman and the ATO in recent times.

Others trying to avoid the complications of hiring take the approach of a handshake or verbal agreement. The issue here is that once you have an employee completing an activity in exchange for cash, the legal view is that an employment relationship has been established, regardless of whether or not there's a written contract. As such, the arrangement falls under all the legal requirements of an employer-employee relationship and all the same legislation applies.

In one sense it's understandable – sometimes having employees is simply a means to an end, so of course you want the process to be as simple as possible. The challenge with this approach is that, if you don't get it right from the beginning, you are likely to be drawn into more frequent and time-consuming interactions and processes later. In short, the less time and effort you put into your employees, the more open you leave your business for problems to arise.

Not having legally compliant processes in place, or worse still, having nothing in place can be very expensive. One example is the area of Modern Awards, which set out all the terms and conditions governing an industry or occupation. There are some very large financial implications for getting this wrong, with each breach of a Modern Award exposing your business to fines of up to \$51,000 for a corporation and \$10,200 for an individual. Let me be very clear here – this is per breach. A breach can be as simple as not giving out the Fair Work Information Statement to every new permanent employee. Worse still, if Fair Work senses there may be multiple breaches, they can enter your business and conduct a complete audit.

The reality is that having employees and managing the relationship with them can be complex, but it is part of being a business owner. And not abiding by the legislation has serious consequences.

Do I have your attention now?

Good, because beyond financial disincentives, there are even more important reasons for getting your employee-related processes right.

First, employees can make or break a business, so it is critical to get this right. According to CEB in the webinar *Breakthrough Performance in the New Work Environment 2013*, ‘To date, business performance gains have come from better labour efficiency and companies getting more and more from their investment in employees.’ If you’re one of the majority of businesses that are looking for growth, then effective employee management is essential.

Managing employees also gives you the opportunity to become a great leader. In *Creating the Best Workplace on Earth*, a three-year study completed by Rob Coffee and Gareth Jones for *Harvard Business Review* in May 2013, it was found that employees, ‘will not follow a leader they feel is inauthentic’, therefore, by becoming an authentic leader you will be able to motivate and inspire your team to give you their best effort, which, in turn will help you achieve your business goals.

Additionally, having the correct processes in place means you can:

- Attract and retain the best employees,
- Maximise productivity,
- Grow quickly, and
- Boost your brand’s and your business’s reputation.

This will give you certainty and confidence, because you will have the tools to tackle any employee issues. What typically happens in a business where there is limited structure and processes is that rules and outcomes tend to be decided reactively. The risk with this is that, very quickly employees will feel that there is inconsistency and become unsettled. According to research conducted by John Halliwell from the University of British Columbia and Haifang Huang from the University of Alberta, employees were seen to be significantly happier in

environments where they ranked management trustworthiness highly, so it is important to get this right.

Finally, if you care about your employees you'll simply want to do the right thing by them. In the interviews completed in preparation for writing this book it became really clear to me that these business owners really cared about their teams and the individuals within their teams. When a leader is coming from this space they will intrinsically try to not only do the right thing for the business, but also the right thing for the employee – a win-win scenario.

So what's next?

You might be thinking, 'I hear what you're saying and I understand how important this is, but it still feels really complicated.'

The good news is that, with education and preparation, you can manage all of these issues. This book will teach you how.

I've written this book specifically for small business owners who don't have the time to go wading through the vast sea of information out there, and who might not have the budget to outsource this part of their businesses. Instead, *From Hire to Fire* will be your handbook, with practical advice and frameworks for hiring employees, firing employees (gulp!) and everything in between.

From Hire to Fire has three sections that cover the life cycle of your employees:

- Hire
- Manage
- Exit

Hire

In this section you will learn how to figure out whether your business is ready to support employees, as well as the type of employee that will best suit your requirements. This will help you avoid a claim of sham contracting from Fair Work or the ATO. In addition this will

enable you to develop a flexible workforce and help you manage your costs as well as the persistent peaks and troughs of business.

You will also learn about the legal foundations you need to have in place before hiring anyone, including Modern Awards, insurance, superannuation, your Workplace Health and Safety obligations and more.

Finally, you will learn techniques to ensure that your preferred candidate accepts your job offer, and not one from your competitors.

Manage

Here you will learn how to be a great leader. I will cover how to build a business that attracts and retains the best employees, including how to develop a highly motivated and productive team. I will also explain which policies you must have in place to be compliant with the legislation so that you, your business and your employees are all protected.

You will also learn how to navigate the legal minefield of performance management.

Exit

Finally, you will learn about the various ways people may leave your business and how you should respond to these situations to remain compliant.

You'll learn what to do when your best employee resigns and what you can do to encourage them to reverse their decision, keeping everyone happy.

I will also cover how to fire someone without getting sued. This is a skill that I believe all business owners must have to run their businesses effectively. Large corporates might be able to operate effectively despite non-performers, but this is extremely damaging for small to medium enterprises. This is particularly important when one non-performing employee might be 10% or 20% of your workforce.

My vision for this book (it sits on a Post-It note on my desk as I type) is for it to become a dog-eared employee 'bible' for you that lives on your desk. It will give you the confidence to make decisions and implement processes, referring to it as needed. Let's say you need to have a performance management conversation, or you want to hire the best employees, or you are about to instigate a major change in the workplace and, maybe unlike other attempts, you want this one to stick. That's when you can refer to this book.

From your perspective, it will help you tackle anything employee-related with confidence and rigour.

From your employees' perspective, they will love the structure, fairness and sense of order and purpose these processes bring to your business. They will believe you care for them and, as a result, they will give you higher levels of discretionary effort, leading to increased productivity and profitability for your business. And, let's face it, isn't that what every small business owner in Australia wants?



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