



Good Jobs, Good Business

A PRACTICAL TOOLKIT TO HELP YOUR SMALL BUSINESSES
CREATE JOBS THAT BOOST THE BOTTOM LINE

We know that small business owners like you want to provide good employment opportunities for your workers, but are often uncertain of how to do so in ways that make sense for your business. Good Jobs, Good Business equips you with the practical tools and resources you need to offer higher-quality jobs in a way that balances the needs of your business needs with the needs of your employees. As a small business owner, taking steps to improve the quality of the jobs you offer can decrease the costs associated with high turnover while improving performance and productivity—which in turn can lead to higher customer satisfaction and increased sales.

THE TOOLKIT IS STRUCTURED AROUND SEVEN KEY AREAS.

We encourage you to treat them like chapters of a book and jump to those that suit your needs and priorities best.

1. The Business Case For Quality Jobs
2. Employee Compensation
3. Health Benefits
4. Retirement Benefits and Other Wealth-Building Strategies
5. Scheduling, Vacation and Paid Leave
6. Hiring, Training, and Professional Development
7. Employee Engagement

Our Commitment to Improve Job Quality

Pacific Community Ventures is a nonprofit community development financial institution (CDFI) that envisions a world of thriving communities where everyone has a fair shake. Our mission is to invest in small businesses, create good jobs for working people, and make markets work for social good. We achieve our mission through a combination of fair lending, free mentorship, skilled volunteerism, social impact measurement and management tools, and field-building research.

Small business owners like you have an important role to play in advancing quality jobs. There are approximately 5.6 million small business owners in the US who employ 32.5 million workers. The quality of jobs that small businesses can provide affects the lives of workers in all corners of the country. For more information on our job quality research and initiatives [click here](#).

THE BUSINESS CASE FOR QUALITY JOBS

A quality-jobs focus can be transformative for your business. High-quality jobs can create real short- and long-term cost savings for your business' bottom line. Not only that, quality jobs provide your employees with greater financial security, enhance productivity, and support professional and personal success. As a retail business owner, you have the opportunity to shape the quality of jobs you offer in a way that works for your business and your employees.

Improving job quality isn't easy. We know that retail small businesses operate in an increasingly competitive landscape, often with thin margins, a tight labor pool, and significant time and resource constraints. However, small changes over time to job quality can enhance your business' performance and we want to help show you how. We created this toolkit to remove the guesswork from the "how" of creating quality jobs and strengthening your business.

There are three main reasons why you would want to focus on quality jobs in your business:

IT'S THE RIGHT THING TO DO

Do you believe meeting your employees' basic needs is the right thing to do? Are you comfortable as a leader if a significant portion of your workforce is on public assistance?

We know you want to do right by your employees and be a model business within your community. Focusing on good jobs can enhance your company's reputation, drawing in both customers as well as high quality talent because of the way you run your business.

IT'S A FINANCIAL OPPORTUNITY

How much are high turnover, operational and customer service problems, low productivity, and waste costing you? What would your performance look like if you tackled some of these obstacles through good jobs?

Investing in your workforce is no simple feat, with labor expenses often accounting for more than 10% of retailers' revenues. However, cutting labor costs through low wages, insufficient benefits, and lack of training can have serious implications on your staff's productivity, turnover, commitment, levels of customer service—and therefore your bottom line.



Source: [Why "Good Jobs" Are Good For Retailers](#)
Harvard Business Review

"When retailers view labor not as a cost to be minimized but as a driver of sales and profits, they create a virtuous cycle. Investment in employees allows for excellent operational execution, which boosts sales and profits, which allows for a larger labor budget, which results in even more investment in store employees."

IT'S A COMPETITIVE ADVANTAGE

Are you providing a compelling reason for customers to buy from your business? Can you adapt to changes in the environment, including changes in customer needs and technology, and to higher minimum wages?

Retail small businesses operate in an increasingly competitive market, especially with rising minimum wages and a growing number of laws related to workers' rights to stable schedules and paid leave. Proactively taking steps such as raising wages, providing scheduling that works for your employees and your business, and streamlining operations can help your business provide exceptional customer service and enable you to readily adapt to market- and legislation-based changes.

Assessing Where You Are and Navigating Good Jobs, Good Business

To assess where you are in terms of meeting your employees' needs, creating great experiences for your customers, and driving operational performance, the [Good Jobs Scorecard](#) developed by the [Good Jobs Institute](#) is a fantastic place to start and will provide you with a comprehensive picture of where your business currently stands.

Once you're ready to get started with the toolkit, **we suggest you ask two important questions to guide which sections will be most useful to you** in offering good jobs and strengthening your business.

Ask yourself: "What are your two or three biggest challenges regarding your workforce, human resources, or benefits at your company?"

Pinpointing the greatest challenges your business is facing will help you identify which area(s) of the toolkit to focus on first. Comparing your answer to your employees' responses to the question below can also provide helpful perspective on which dimensions of job quality to prioritize.

Ask your employees: "What changes to your job would be the most valuable to you and why?"

While you may not be able to address everything your employees would like, due to resource, financial, and other considerations, it's important to identify what's most important to them so that you can provide valuable plans, design effective programs, and develop meaningful engagement strategies.

While businesses differ based on size and challenges, below are some examples:

- "I want to provide benefits, but it's too costly and I'm not sure how to select the plan that makes the most sense for my business." *Start with [Section 2. Health Benefits and Section 3. Retirement Savings and Other Wealth-Building Strategies.](#)*
- "I have high employee turnover, which drives up my costs." *Start with [Section 5. Hiring, Training, and Professional Development and Section 6. Employee Engagement.](#)*
- "My employees want to feel more engaged and valued." *Start with [Section 6. Employee Engagement and check out Section 2. Employee Compensation.](#)*

If you're not sure where to begin, check out the [free tools](#) from the Good Jobs Institute, which assess current practices and identifies opportunities for improvement. There are pro-bono business advisors happy to work with you to use this toolkit that are [available here through Pacific Community Ventures.](#)

THE GOOD JOBS STRATEGY

The logo for the Good Jobs Institute, featuring the words "GOOD JOBS INSTITUTE" in red, stacked vertically, with three vertical lines of varying lengths to the left.

GOOD JOBS INSTITUTE

Almost one-in-four American working adults has a job that pays less than a living wage. Conventional wisdom says providing jobs with low wages, minimal benefits, little training, and chaotic schedules are the only way companies can keep costs down and prices low. MIT Sloan Associate Professor Zeynep Ton makes the compelling case that the presumed trade-off between investment in employees and low prices can be broken. Drawing on more than 15 years of research, Ton's Good Jobs Strategy shows how operational excellence enables companies to offer low prices to customers while ensuring good jobs for their employees and superior results for their investors or owners.

The Good Jobs Strategy creates superior value for employees, customers, and investor/owners by combining investment in employees with four operational choices that increase employee productivity, contribution, and motivation.

The four operational choices—Focus and Simplify, Standardize and Empower, Cross-Train and Operate With Slack—drive performance and continuous improvement. At the same time, these operational choices work best with a capable and motivated workforce and hence require investment in people. In this way, the Good Jobs Strategy creates a virtuous cycle where investment in people and operational excellence reinforce each other to drive value.

Four Operational Choices

1. FOCUS AND SIMPLIFY

Good Jobs Companies have a clear strategic focus. They have clarity and alignment on the ideal customer experience and what problem they are solving for their customer, and make strategic trade-offs consistent with that focus. They then simplify their operations, applying real rigor around new products, services, promotions, communication, processes and tools to maximize customer satisfaction and employee productivity.

2. STANDARDIZE AND EMPOWER

Good Jobs Strategy companies standardize routine processes and empower frontline employees to improve those processes and to make decisions for their customers. Employee involvement in the standardization process increases buy-in and conformance to standards. Standardization also gives employees clear expectations for their performance and enables them to focus more on the tougher choices that really do require human judgement. Empowering employees to solve customer problems and taking their ideas for improvement seriously lets them respond to customer needs and help the company cut costs.

3. CROSS TRAIN

Good Jobs Strategy companies cross-train employees to perform both customer-facing tasks and other tasks so that they can shift according to customer traffic. Cross-training improves customer service because employees are able to respond to customer needs more quickly. It means employees are busy even when there are no customers. It also enables companies to offer more predictable schedules. At Good Jobs companies, cross-training is done in a way that ensures mastery; not everyone is cross-trained in everything. Cross-training improves employee motivation because they can use a variety of skills and feel like part of a team in which everyone works together to serve customers well.

4. OPERATE WITH SLACK

Good Jobs Strategy companies staff their stores with more labor hours than the expected workload so they can meet customer demand at peak periods. Operate With Slack enables employees to work without making errors to serve customers well. When employees have time to identify and communicate improvement ideas and problem-solve, they help cut costs everywhere else in the system.

Operate With Slack enables managers to lead and develop employees rather than constantly fire-fighting. It makes work more meaningful by enabling employees to create more value for their customers. Operate With Slack also enables employees to have more predictable schedules and take time off when they are sick or have emergencies without feeling guilty that they will hurt their team.

Invest in People

Good Jobs Companies invest in people in a way that creates a virtuous cycle with operations to improve performance. This means investment in recruiting, training, career path, high performance standards, fair wages and predictable schedules to ensure capable, knowledgeable, motivated employees.

The Good Jobs Strategy Values

Good Jobs Strategy companies may have any number of values unique to them, but all have three constants: putting the customer first, recognizing employees as their most important resource, and a commitment to a culture of continuous improvement.

Good Jobs Resources

Throughout this toolkit, you will see aspects of the Good Jobs Strategy and how they come together to help small business offer quality jobs. If you are interested in learning more, you can read *The Good Jobs Strategy* by Zeynep Ton. The Good Jobs institute, a non-profit founded to help companies thrive by creating good jobs, also has a website <http://goodjobsinstitute.org> where companies can learn more about how implement the Good Jobs Strategy through free case studies, articles, and tools, including:

- **Good Jobs Scorecard** <http://goodjobsinstitute.org/good-jobs-scorecard/> The Good Jobs Scorecard will help you collect and track key employee, customer and operation performance metrics which can help you make the financial, competitive and moral argument for good jobs at your business.
- **Good Jobs Diagnostic** <http://goodjobsinstitute.org/good-jobs-strategy-diagnostic/> This 86-question comprehensive survey that lets you identify which elements of the Good Jobs Strategy your company currently practices and where there are opportunities for improvement. The Good Jobs Institute can help small businesses set up the survey and provide a template to analyze your data for free. You can have all your employees take the assessment and reflect together on where you can grow as a business.

EMPLOYEE COMPENSATION

As a small business owner, you want to treat your employees well, and that starts with their salary. But figuring out how to pay your employees a salary that they consider fair and competitive is no simple task. With rising minimum wages and increasingly competitive labor markets, it can be difficult to keep up with what's considered fair compensation in your market or industry. According to a recent poll, low compensation was the primary reason employees listed they have left or would leave a job. Competitive compensation is essential to attracting and retaining the talent that makes your business thrive.

Retail businesses often operate on thin margins, meaning that changes in employee compensation—often your business's biggest cost—can have a significant impact on your bottom line. However, providing competitive wages can also be a long-term investment that boosts employee stability, which can reduce costs incurred from high employee turnover and rehiring.

Your employees are one of your most valuable assets. Higher compensation, paired with other improvements in job quality, can lead to greater productivity and improved customer service, as well as attract qualified candidates—helping not only your employees, but also your bottom line. While the true cost of employee turnover can be hard to calculate due to the numerous intangible costs and time involved, some studies estimate the cost to replace a \$10/hour retail employee is about \$3,330. With a median turnover rate of 67% for part-time retail workers, turnover could cost an employer with 10 employees over \$20,000 annually.

THIS SECTION WILL HELP YOU ANSWER:

- How do I determine what's a fair wage to pay my employees?
- How can increasing employee compensation benefit my business?
- What steps can I take to increase employee wages?
- If raising wages isn't financially feasible, what are my other options?

How do I determine what's a fair wage to pay my employees?

Providing a competitive wage can be essential to attracting top talent—and keeping them. However, compensation rates can vary greatly within the retail sector depending on location, skillset, and level of experience.

First, make sure you understand what the minimum wage laws are in your city and state by using the U.S. Department of Labor's interactive minimum wage map. (For additional legal detail on the types of employees and their compensation, The Balance's What is an Hourly Employee? provides helpful detail about employee classifications and the difference between exempt vs. non-exempt employees.)

Next, find out what's considered competitive compensation for your employees in your industry and city by checking out Salary Comparison: How to Know If Your Small Business is Paying Fairly—a step-by-step resource for small business owners to guide employee compensation, including interactive salary comparison tools like this one from Indeed. A Living Wage is considered the gold standard of fair wages because of the quality of life it enables wage earners to attain.

After going through this process, if you see that your employee wages are below industry standard, [What steps can I take to increase employee wages?](#) is a great starting place to identify tactics to help you boost compensation. If you confirm your business is paying a competitive hourly wage—that's great! We encourage you to consider the benefits of investing in your workers listed below and see if you can continue to move the needle on employee compensation, ideally toward a [living wage](#).

WHAT IS A LIVING WAGE

The minimum wage for a city or state is often insufficient for even full-time employees to afford their basic needs, especially if they have a family. You've probably heard the term "living wage," which was created to provide a more complete picture of the compensation needs of employees. A living wage is one that covers the basic needs of an employee (and sometimes his/her family), including food, housing, healthcare, education, and transportation, as well as some discretionary income. It also takes into account the household size of the average worker to determine the wage necessary to support a family.

While there is no single, definitive way to calculate a living wage, PCV uses the [MIT Living Wage Calculator](#), which identifies typical expenses and wages to determine the living wage for a given region (county or state). If you're trying to set a long-term goal on employee compensation and you want a standardized way to figure out what's a fair wage, a living wage can be a helpful benchmark.

How can increasing employee compensation benefit my business?

Whether you're motivated by pure altruism, gaining a competitive business advantage, or retaining your high-performing staff, [increasing employee compensation can benefit your bottom line in a number of ways](#):

- **Attract more qualified workers.** Providing a competitive wage helps you to recruit the talent you need for your business. Qualified workers, paired with effective operations, good training, and respect for worker's time can improve the performance of your business.
- **Boost employee retention.** It's a fact that better-paid employees tend to stay with companies for greater lengths of time, [providing cost savings to businesses](#) on rehiring and retraining of staff. Across sectors, employers who implemented a wage increase, largely moving from on par with minimum wage to above it, (such as Costco, KPMG, and the San Francisco airport) saw large reductions in turnover rates ([some with more than a 15% drop](#)), as well as lower rates of absenteeism, and lower rates of sick pay abuse.
- **Increase employee morale.** Higher-wage workplaces tend to have higher employee morale and lower rates of theft [compared to lower-wage businesses](#). Research shows that if a business provides a wage increase of \$1, for example, they can expect to lose about 40 cents less in cash and inventory.
- **Improve performance and service delivery.** Workers who feel an improved sense of financial well-being and overall health are more productive workers. Of sampled employers who implemented living wages, [over 30% reported improvements in work performance and over 40% reported a boost in employee morale and customer service](#).

- **Improve company reputation and brand.** Paying a competitive wage can help your business foster repeat customers and attract new customers, generate positive publicity, and demonstrate that you're a business that prioritizes its people. The Meaningful Brands report, conducted by advertising agency Havas, found that “for every 10% in meaningfulness, a brand can increase its purchase and repurchase intent by 6% and price premiums by 10.4%”.

Despite the benefits enumerated above, it's important to remember that increasing compensation won't impact payroll alone—it may also increase your business' payroll taxes, as well as potentially raise the amount of money you'd need to match in 401(k) and other savings benefit plans.

CASE STUDY: CENTRAL CO-OP GROCERY STORE

When Seattle-based Central Co-Op Grocery Store increased entry level pay significantly, they set clear performance expectations and accountability measures. As HR director Tyler Burch expressed, “It's a learning experience to figure out other ways to solve problems and develop people. We had to shift the paradigm to increase skills, knowledge, and abilities instead of increasing labor.”

[Learn how this grocery retailer invested in their people by raising entry-level wages.](#)

What steps can I take to increase employee wages?

Most small business owners want to pay their employees as well as they can. However, implementing wage increases takes planning, including weighing costs and benefits.

WHEN DECIDING HOW COMPENSATION INCREASES COULD WORK AT YOUR BUSINESS:

- **Start where you can.** Find out the median wage in your area and industry to better understand if you're paying staff a competitive wage. [Indeed's salary tool](#) is a great resource for wage benchmarking and can be filtered by city and state.

- **Be careful of only raising the floor.** Raising the base pay of only the lowest-wage workers can lead to “wage compression,” where entry-level staff may earn the same amount as those with more work experience or higher levels of responsibility. When wage compression occurs, veteran staff members can feel that their additional responsibilities or long-term commitment to the company aren't being recognized, negatively impacting morale and employee retention.

» Instead, it's helpful to maintain some space between pay ranges. For example, if you can afford to raise wages, try bumping up all wages by the same percentage. Alternatively, a lower-cost solution could be implementing a cascading increase where the lowest-paid employees receive the largest percentage bump and more highly-compensated staff members receive a slightly smaller percentage wage increase.

- **Remember that it takes time.** Even if you can't afford to pay everyone what you'd like immediately, it's important to map out your ideal levels of employee compensation over time to ensure it's an objective you're working toward in your business plan. It's helpful to set goals, establish timelines, and openly communicate with staff about which steps you wish to take toward paying higher wages. Furthermore, setting clear expectations around career progression and associated pay increases can give your employees extra motivation to stay with your business and work hard.

- **Remember schedules impact take home pay too.** Both wage and schedules matter for stable pay. If you can raise wages and provide stable and adequate hours for workers, they will have a stable base for their financial life. If you pay well by the hour but offer unstable schedules, where employees may get 25 hours one week but only 10 the next, it will still be hard for people to make a living. So make sure to look at the numbers of hours each employee works per week over a 3+ month period and see how variable it is and if they are getting the hours they want. If not, the [Scheduling section](#) offers ideas on how to provide more stable schedules. For helpful perspective, the *New York Times* has a [great article](#) highlighting this challenge for workers.

Below, we've listed a few tactics you can use to make a wage bump more financially feasible at your business:

- **Decrease employee costs in other areas.**

As a first step, it's critical to understand what your employees value the most—is it health benefits, a higher wage, a matched retirement plan, or discounts and transportation subsidies? If a wage increase is the top priority, you can make an informed decision, in conversation with your staff, about which benefits if any could be scaled back to accommodate a wage hike. Perhaps your staff prefers to use your state healthcare programs if it means your health benefits expenses could be redirected toward higher compensation. By moving to 100% direct deposit, businesses can save upwards of \$3 for every check not cut, which can add up over a year to create significant savings. By moving to direct deposit, you're also providing a [more secure and convenient payment method for your employees](#).

- **Get employee buy-in on increasing sales targets.**

[Increasing sales targets can be an effective tactic to help your business afford providing a higher wage](#). Every employee knows that you want your business to make more money, but it's critical to communicate to your workers that receiving a higher wage is directly tied to their ability to support the business in increasing its sales numbers. Helping employees understand how their actions impact business decisions and compensation can drive collective motivation toward meeting your sales target. You can also boost employee ownership of this goal by brainstorming as a team on strategies to increase sales, and assigning employees specific tasks to help the business reach its goals. They can help generate additional traffic through customer and community outreach or social media, talk to customers about what other products or services they would like, and more. This kind of employee engagement builds team, ownership and skill sets for your employees while driving new ideas to boost sales, a win-win.

- **See if other business expenses can be cut.**

Other means of cutting expenses can include going paperless, sourcing cheaper supplies, monitoring your store's energy efficiency, pooling resources with other business owners on purchases, and keeping track of tax write-offs. Your employees likely see costs savings opportunities too—from to activities that waste their time to products that don't sell well to high shrink items to how to decreased damages and waste. Engaging your employees in saving money and time can improve your bottom line, make their jobs more interesting and build their business skill set.

- **Hire with an eye to increase productivity.**

As compensation increases, so can standards for employee productivity and performance. If you hire with a focus on employee performance, employees' higher productivity can enable you to higher fewer workers and pay them higher wages.

- **Increase your prices—and be transparent**

about it. Retailers across the country, especially in the clothing and food sectors, are raising prices to help cover the cost of increased employee wages—and they're being open about it. National chains such as Sweetgreen have posted notices publicly explaining that increases in staff compensation and benefits are driving the bump in salad prices. In a different tactic, clothing retailer [Crossroads Trading Company now charges a two percent surcharge](#) on all purchases to cover the cost of increased employee wages, and makes this information public throughout the store. [Studies have shown](#) that consumers are willing to pay more for great customer service. Consider your customers and current pricing to determine if a price increase or surcharge could be appropriate for your business. For additional guidance, consult QuickBooks' [Tips for Raising Your Business Prices](#).

- **Streamline operations.** Consider your current [staffing model and operating hours](#)—do you need the current number of employees to cover all shifts? Are there certain low-traffic hours you could cut down and thereby lower personnel costs? Also consider narrowing your product offerings to simplify operations and streamline employee responsibilities. For more detail on how this works in practice, check out [Why Companies That Pay Above the Minimum Wage Come Out Ahead](#). [The Good Jobs Strategy](#) also provides additional detail on how to optimize your operations.

If you're considering making changes to staffing, hours, or benefits be sure to consult the [Small Business Administration's guidance](#), "[Understand the Law Before Dropping or Reducing Employee Benefits](#)."

If you work through this section and it turns out that increased compensation doesn't work for your business, also consider other potentially less costly ways to support your employees and foster loyalty. Options include offering other benefits, such as [health insurance](#), [retirement plans](#), or [paid time off and more stable scheduling](#). Implementing these programs and benefits plans can help indirectly boost the value of employees' total compensation.

If raising wages isn't financially feasible, what are my other options?

Sometimes it's just not financially feasible to raise the compensation rates for your staff at this time. There are still a variety of ways to use compensation as a means to make employees feel valued, such as:

- **Demonstrating the full value of employees' compensation,** by [putting a dollar value to all the benefits your business provides](#) (health premiums, retirement contributions, life insurance, etc.), thereby showing the "real hourly rate" of staff members' total compensation.

- **Offering higher wages to staff based on length of tenure** at your business, rather than across-the-board wage increases.
- **Providing one-time bonuses,** which can be contingent upon their or your business's performance or consistent across your staff. The benefit of this approach is that it doesn't carry pay increases forward into the future.
- **Paying your employees with direct deposit,** which delivers benefits for both you and your staff by cutting down time, lowering costs (savings range from \$2.87–\$3.15 per check), enhancing employee convenience, and [encouraging employee savings](#). For more information on financial wellness, see the [Retirement Savings and Other Wealth-Building Strategies](#) section of the toolkit.

You may find **some solutions don't cost any money at all:** for instance, asking staff how they would like to be recognized may generate ideas around pay, but could also generate ideas around employee recognition that are low cost or free.

MEET WITH AN EXPERT OR GET ADVICE FROM A PEER.

When considering making changes to employee compensation, it can be helpful to seek out a small business expert for more guidance. Various free public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA [Small Business Development Centers](#). Pacific Community Venture's own [BusinessAdvising.org](#) platform connects small business owners like you from around the country with thousands of pro bono, experienced business advisors who can offer advice on a range of issues, including HR, marketing, business planning, operations, and other small business challenges. To find other services in your area, visit the SBA's "[Local Assistance](#)" page.

OFFERING HEALTH BENEFITS

Providing healthcare benefits to your employees offers many competitive advantages to your business: in addition to attracting talented workers, employer-subsidized healthcare (in the form of medical, dental, and/or vision insurance) can improve your employees' wellbeing and productivity while increasing retention rates in the long-term. But while business owners recognize those advantages, many often find the provision of health benefits too complicated and costly.

What you may not know is that other options exist to improve health for employees, even in the absence of a formal, employer-sponsored plan. Since offering insurance coverage through a group plan is not always the best option for a small retailer; we encourage you to consider all the options, as well as the costs and benefits of healthcare, while engaging in conversation with employees about the kinds of benefits that matter most to them.

The following information will help you explore which healthcare options are right for your business, your bottom line, and your workers.

THIS SECTION WILL HELP YOU ANSWER:

- [How should I get started?](#)
- [What does the law require?](#)
- [Can tax incentives help me afford coverage?](#)
- [What are my peers doing?](#)
- [What are my health insurance plan options?](#)
- [Which technology platforms could be helpful?](#)

How should I get started?

Before deciding whether or not you can afford to implement healthcare plans for your workers now or in the future, we recommend thinking through a few key questions.

- **How much does health insurance matter to your employees?** While employer-sponsored health insurance is critical for some workers, others may value different benefits—more predictable schedules, for instance, or transportation reimbursement. You should also think about offering health insurance as part of your longer-term hiring strategy. Have any potential employees said no because you couldn't offer insurance, or have any part-time workers turned down a full-time offer because you don't offer insurance?
- **What is your budget?** Determine what you can reasonably afford at the outset to help pare down various plans and types of coverage. [This guide from FitSmallBusiness](#) offers some advice on estimating costs before you start browsing plan options. You can also download [the helpful Excel budgeting sheet](#) from Broughton Consulting (included in Module Three of the Human Capital Advantage curriculum). For more in-depth help with this step, consider working with a pro bono business advisor with expertise in HR or benefits. Pacific Community Ventures' [BusinessAdvisor.org](#) is a free way to find a pro bono advisor.
- **How would you want to structure insurance coverage?** Decide whether it makes the most sense for your business plan or annual budgeting to have tiers of employee coverage (e.g. coverage for full-time but not part-time staff), or to offer coverage only after workers have been employed for a certain amount of time (e.g. three month waiting period).

What does the law require?

Most likely, mandatory employer-sponsored healthcare does not apply to you. As of December 2017, if you have fewer than 50 full-time employees, then you are not subject to requirements under the [Affordable Care Act \(ACA\)](#) to provide your workers with health insurance coverage. Under the Shared Responsibility Provisions of the ACA (also known as the “play or pay” mandate), only businesses that employ 50 or more workers full-time must offer health insurance or pay a tax penalty. For more on whether this law applies to you, see [the IRS website on employer responsibility](#). Also worth noting is that for plan years beginning in 2018 onward, the [shared-responsibility affordability percentage](#) has shifted—employer-sponsored healthcare coverage will be considered affordable if the employee’s mandatory contribution for individual coverage for the least expensive plan option meeting ACA requirements [doesn’t exceed 9.56% of their annual household income](#).

Remember: Historically, under the [Individual Shared Responsibility Provision](#) of the ACA, all individuals have been required to demonstrate that they have health insurance or that they qualify for an exemption—or else pay a penalty fee. Since the law’s passage, this provision has meant that if you do not already offer group health insurance to your employees, you and your workers are each individually responsible for obtaining coverage on your own. However, the tax bill passed by Congress in December 2017 [eliminates these penalty fees](#) for individuals, in effect revoking the so-called individual mandate to have health insurance under the ACA. The law won’t take effect until 2019, however, and the IRS [has advised taxpayers](#) to continue to report coverage as normal in the meantime.¹

WHAT OTHER LAWS SHOULD I BE AWARE OF?

If you’re unsure, consult a legal, tax, and/or HR expert to make sure you’re compliant with the law. To learn more about requirements that may apply to you under the ACA, [see this overview offered by eHealth](#). You can also look to government agency websites for basic guidance surrounding healthcare laws:

- The Department of Labor’s [Health Plans Guidance](#) provides an easy-to-navigate list of information and resources, organized by topic, on health coverage implementation and federal regulations.
- The IRS’s [Affordable Care Act Tax Provisions for Employers](#) offers information on coverage, reporting, payments, and tax credits.
- The Small Business Administration’s [“Stay Legally Compliant”](#) webpage helps business owners understand common state and local requirements.

As with all descriptions of benefits, business owners like you are encouraged to consult with legal experts to ensure you’re meeting all requirements and remain in compliance with local, state, and federal law.

Can tax incentives help me afford coverage?

Maybe, and they could mean significant savings for your business. Certain incentives have been put in place over the years to help smaller businesses offer insurance coverage, including the following:

TAX INCENTIVE	WHO'S ELIGIBLE
Tax-deductible premium payments. With group health plans, you can write off spending on employee premiums as a qualified business expense, deducting those costs from your total business taxes. See the IRS website for more information.	All business owners providing group insurance.
Small Business Health Care Tax Credit. The ACA established certain small business incentives to encourage business owners to buy coverage through the Small Business Health Options Program (SHOP) marketplace. Worth up to 50% of premium costs for employees under a group plan, the tax credit is designed to help small businesses like yours afford group health coverage purchased through SHOP. The credit favors business owners with fewer employees: the smaller your workforce, the larger the credit. Check out Healthcare.gov to see if the credit could help your business.	Business owners with fewer than 25 full-time equivalent employees who each make less than \$52,000 per year, and who pay at least 50% of employee premiums and purchase group plan health insurance through the SHOP marketplace.
Section 125 Plans or HSAs. Business owners can implement what's called a Section 125 plan, or a Health Savings Account (HSA), that allows employees to use pre-tax income for insurance premium payments under a group plan, reducing your overall payroll tax burden. Consult the IRS website for specifics.	Business owners who enroll in group health insurance and set up HSAs.
Tax deductible HRA or HRP payments. Under a Health Reimbursement Arrangement/Account (HRA) or a similar Health Reimbursement Plan (HRP) (both Defined Contribution Health Plans, described in more detail below), business owners can set aside funds to reimburse employees—up to a specified amount determined by you, the employer—for certain medical expenses determined by the employer. HRA and HRP payments are both tax deductible.	Business owners who cannot afford or choose not to participate in a traditional group plan, and elect instead to help fund employees' individual health insurance payments with an HRA or HRP (for more on these arrangements, see below).

For more on tax incentives that may apply to you, we recommend consulting this helpful [guide provided by SimplyInsured](#).

What are my peers doing?

Understanding what other businesses like yours offer with regard to healthcare can help you make decisions about whether to offer coverage, what types of plans work best, and ways to gain a competitive advantage in the labor market. Consider the following:

- While the majority of businesses with fewer than 10 workers don't offer health insurance, a significant portion does.** In 2016, an estimated 46 percent of so-called "very small businesses" (3-9 employees) nationwide provided health insurance to their workers.²
- Premium costs remain high for small business owners.** In 2015, [business owners paid](#) on average \$5,179 on premiums for a single employee on a group plan and \$12,591 for a family—and unfortunately, costs continue to rise.
- Small business owners with group insurance plans typically shoulder the majority of the premium costs.** As of March 2017, among private industry businesses with fewer than 50 employees, small business owners paid on average 78 percent of premium costs, while employees paid 22 percent.³
- For an average small business in 2017, health insurance costs represented only a small percentage of employee income.** Businesses with fewer than 50 workers spent, on average, the equivalent of 6 percent of total employee income on health insurance per worker in 2017. Total costs for all employee benefits (including mandatory contributions to social security and Medicare) made up just over one quarter—26.6 percent—of employee total income on average.⁴

CASE STUDY: ZAZIE RESTAURANT

When Jennifer Piallat took ownership of San Francisco-based restaurant Zazie in 2005, she did something pretty atypical in the restaurant business—she initiated a 401(k) plan with employer-matched contributions. [Click here](#) to learn more about how Zazie offers retirement benefits (in addition to a living wage and health benefits) to their 32 employees.

What are my health insurance plan options?

There are two main things to know about implementing health benefits: what your options are, and how to go about finding the best one for your business. We'll start with basic ways of finding coverage first, before delving into more detail about insurance options.

COMMON WAYS TO FIND A HEALTH INSURANCE PLAN

- **Start by comparing options on your own, online.** Search for group plans and quotes by consulting the [Small Business Health Options Program \(SHOP\)](#) federal and state-run exchanges, or look for [private insurance exchanges](#) or individual insurance providers. When using an online exchange, you will be asked questions about your business location, number of employees, and employee ages and genders. Once you've entered your data, online marketplaces will present you with estimates for group healthcare plans. If you'd like more personalized advice, you have the option to consult with a broker.
- **Meet with a broker to compare options.** Consulting an insurance broker is generally free to you, as brokers' commissions [are factored into insurance premiums](#). Some brokers will charge additional fees, however, so it is important to ask about upfront costs when selecting a broker. You can request to meet with a broker using online health insurance exchanges, looking at listings of brokers in your area, or asking

for recommendations from another business owner or trusted advisor. Unlike insurance agents, who work for individual insurers, brokers are independent, and can offer you advice and information on a range of providers. This option is preferable for business owners who want tailored advice on choosing a plan, and prefer working with an individual rather than an automated service. For more on finding a broker, see this [helpful resource on HealthCoverageGuide.org](#).

BASIC TYPES OF HEALTHCARE BENEFITS

There are three common options for small business owners who want to provide health benefits—including medical, dental, and vision insurance—to their workers. These include:

- **Group or employer-sponsored insurance:** a group plan that you select that is the same for all of your workers.
- **Individual insurance:** a plan selected by each employee individually.
- **Defined Contribution Health Plans:** employer-funded reimbursement systems commonly used in conjunction with individual insurance (or with group insurance, in the case of [Integrated HRAs](#)).

Learn more about each of these options below:

GROUP/EMPLOYER-SPONSORED HEALTH INSURANCE	
WHAT IT IS	Under group or employer-sponsored insurance, you and your qualified employees are all enrolled in the same plan (or one of a limited range of options) offered by an insurance provider and selected by you from a public or private exchange, sometimes with the help of an insurance broker. The coverage is typically for individuals, but may also cover dependents (depending on what the business can afford). Employees and employers usually share the costs of premiums, but employers are required to contribute a minimum percentage—generally 50%. ⁵
HOW TO ACCESS	Search on Small Business Health Options Program (SHOP) federal and state-run exchanges, private insurance exchanges, or via an individual insurer. Brokers are accessible for each of these options.
BEST SUITED FOR	Business owners that have been operating for multiple years and have some form of HR management systems in place—or else can outsource management to a benefits specialist—and are able to meet the minimum participation and contribution rates for a group plan. For more on deciding if a group plan is right for you, see Zane Benefit's post on weighing your options.
ADVANTAGES	<ul style="list-style-type: none"> • Employee satisfaction and retention. Many workers are drawn to jobs that offer health insurance, and participation in a group plan saves them the trouble of conducting research and selecting a plan on their own. • Tax benefits for business owners. Employers' contributions to employee premiums are tax deductible. Additionally, employers who buy insurance through the SHOP marketplace and employ fewer than 25 people can qualify for a tax credit worth up to 50% of the cost of your employees' premiums. To see if you qualify, visit the SHOP website. • Tax benefits for workers. The cost of coverage is not included in employees' taxable income at the state or federal level, meaning lower overall employee income taxes and FICA (Medicare and social security) contributions (when factoring in the cost of healthcare benefits to total employee income).⁶ Employees' contributions to coverage can also be made with pre-tax income, increasing their buying power.
DISADVANTAGES	<ul style="list-style-type: none"> • Cost. While group plans in theory offer lower prices than individual plans, many small business owners still find the premium costs too high. Additionally, coverage costs can vary year-to-year, especially for companies that employ workers with consistent health problems, as insurers can raise prices if spending exceeds expectations in a given time period.⁷ • Minimum requirements. Business owners interested in a group plan often must meet minimum contribution and employee participation rates to be eligible (e.g. an insurer could have the policy that 75% of all eligible employees must be enrolled in the plan—though it can vary by state). Small business owners with only a handful of employees often cannot get enough buy-in from their staff (due to high costs) to elect to use a group plan. • Lack of flexibility. From an employee's perspective, they don't have much choice in selecting a plan, and either must enroll in the one their employer has selected for them, or choose from a limited range of options the employer approves.

INDIVIDUAL HEALTH INSURANCE	
WHAT IT IS	In this model, you as the business owner encourage your workers to purchase insurance on their own. To reduce costs for your workers, you can offer defined contribution plans in conjunction with individual insurance, such as a Health Reimbursement Arrangement/Account (HRA) or a Healthcare Reimbursement Plan (HRP), outlined in the table below.
HOW TO ACCESS	Healthcare.gov federal or state-run exchanges, private insurance exchanges, or an individual insurer.
BEST SUITED FOR	Business owners who cannot afford or are ineligible for group coverage, and/or do not have the in-house capacity to administer a group plan.
ADVANTAGES	<ul style="list-style-type: none"> • Flexibility. Unlike group or employer-sponsored insurance, this isn't a one-size-fits-all approach. Individual insurance allows workers to select their own plans based on their desired monthly payments and the level of coverage they need. • Mobility. With individual coverage, your employees know they have the freedom to keep their insurance if they leave their job for any reason.
DISADVANTAGES	<ul style="list-style-type: none"> • Perception. Many current and potential employees associate a good job with employer-sponsored health insurance. Putting the onus on the employee to obtain coverage with individual insurance can sometimes be enough to deter talented workers for whom an employee-sponsored plan is a must-have. • Cost. Unfortunately, rates for individual insurance remain high. If your business can't offer HRA or HRP options to offset insurance costs and medical expenses, some employees will elect to go without coverage and face penalty fees, or purchase poor-quality plans that require more out-of-pocket spending.

DEFINED CONTRIBUTION HEALTH PLANS (DCHPS)

<p>WHAT THEY ARE</p>	<p>DCHPs (sometimes called “Section 105 plans”) are funds that are set aside, tax free, which your business makes available to your employees to pay for certain medical expenses. The plans can come in different forms, including Health Reimbursement Arrangements (also called Health Reimbursement Accounts, or HRAs), the more recently developed Healthcare Reimbursement Plans (HRPs), Medical Expense Reimbursement Plans (MERPs), or Medical Reimbursement Plans (MRPs).</p> <p>While the terminology (and acronyms) can get confusing, there are many resources out there that can help you decipher the differences (for starters, Zane Benefits has some helpful resources). DCHPs are paid for solely by you, business owners, unlike HSAs to which employees contribute. Rather than an actual savings account, a DCHP is essentially an agreement between you and your employees: you promise to reimburse your employee for out-of-pocket health expenses and premium fees as they arise, within a certain limit each year.</p>
<p>HOW TO ACCESS</p>	<p>Talk to an HR professional or utilize benefits administration software, as these arrangements can be legally and administratively complicated. For more on how these platforms can help your business, see the section on technology solutions below.</p>
<p>BEST SUITED FOR</p>	<p>Business owners who cannot afford or are ineligible for group coverage, and/or do not have the in-house capacity to administer a group plan. Some plans, like Qualified Small Employer HRAs, are only available to businesses with fewer than 50 full-time equivalent employees.</p>
<p>ADVANTAGES</p>	<ul style="list-style-type: none"> • Cost control. You can decide how much you want to contribute toward your employees’ healthcare costs each year, rather than dealing with potential (and sometimes unpredictable) cost changes with group plans. • Savings. A DCHP can save your business money by ensuring that you only pay for services and treatments employees use. • Tax benefits. Contributions are tax-deductible to business owners, and tax-free to employees.⁸
<p>DISADVANTAGES</p>	<ul style="list-style-type: none"> • Legal complexity. With the passage of the ACA, HRA plans have had to adapt to stay compliant, causing some confusion among business owners. DCHPs are also subject to additional federal regulations like HIPAA and ERISA, and sometimes other state and local laws. In San Francisco, for example, the citywide “Health Care Security Ordinance” set strict laws regarding minimum employer contributions toward employee health insurance costs, including reimbursement plans. • Higher upfront costs for employees. DCHPs put the burden of upfront costs on your workers. While saving your business money, the plans are designed to make your employees more cost-conscious in their healthcare choices, the idea being that if they have to pay for expenses out-of-pocket, they will choose less expensive plans, services, and medications.⁹

ALTERNATIVE OPTIONS

If none of the more traditional options above seem affordable or manageable to your business at this point in time, there are some alternatives to consider:

- **Institute a wellness program.** Consider providing healthy snacks for your employees, subsidizing gym memberships, or organizing group exercise activities. Creating a [healthier environment](#) for your workers increases awareness of healthy lifestyles and encourages employees to take better care of themselves, potentially reducing their medical costs. Be sure to implement options that fit within your existing business culture and philosophy, and give your employees the option to participate so that such changes don’t feel like an added burden.
- **Raise wages, if possible.** If you’re finding it too difficult or expensive to pay for insurance premiums or reimburse your employees for healthcare spending, consider giving your employees a modest pay increase. *Forbes.com* published an article in 2015 about one small business owner who did just that. The downside is the additional cost to you in wages paid immediately, as well as in payroll taxes. And take caution: the IRS does not allow raises to be made on the condition that employees spend the extra funds on health insurance; employees must be free to manage their earnings as they choose.¹⁰ Still, [higher wages are linked with better health outcomes](#), potentially offsetting the adverse effects of having poor or no health insurance for both business owners and employees.

Which technology platforms could be helpful?

Thanks to recent innovations, health insurance has become an e-commerce industry. In addition to searching for and selecting plans online, small business owners can find software and web-based services to aid in health benefits administration. Companies like [Gusto](#), [Justworks](#), and [Namely](#), to name a few popular options, aim to make administration and legal compliance easier for small business owners, for a fee.¹¹ These types of services are especially useful for implementing [Defined Contribution Health Plans](#). Online databases like [Capterra.com](#), [G2Crowd](#), and [SoftwareAdvice.com](#) can help you find and compare benefits administration software. Read more about [how digital HR services](#) can save small businesses like yours money, time, and stress.

MEET WITH AN EXPERT OR GET ADVICE FROM A PEER.

- In addition to insurance brokers, it can be helpful to seek out an expert on benefits and small businesses for more guidance. Various public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA [Small Business Development Centers](#). You can also check out Pacific Community Ventures' free [BusinessAdvising.org](#) platform. It connects small businesses around the country with experienced, pro bono business advisors who offer advice on a range of issues, including HR, marketing, IT, operations, and other small business concerns. To find other services in your area, visit the SBA's ["Local Assistance" page](#).

RETIREMENT SAVINGS AND OTHER WEALTH-BUILDING STRATEGIES

As a business owner, you have the ability to attract and keep talented workers while also playing a critical role in helping them build their retirement savings. The American Retirement Association says that middle class workers are 15 times more likely to save for retirement under an employer-sponsored plan than on their own. Having an employer-sponsored retirement plan increases employee job satisfaction and makes employees less likely to leave your company. In fact, nearly a quarter of over 2,000 small business owners surveyed by CNBC and SurveyMonkey in 2017 reported that lack of retirement benefits was a contributing factor to employee turnover at their company. Finding ways to reduce turnover can mean significant savings for small businesses like yours: the Society for Human Resource Management estimates that the average cost to replace an employee earning under \$30,000 annually is 16 percent of their annual salary. This means that replacing one \$10/hour retail frontline staff costs you about \$3,300.

More than just helping your employees save and lowering turnover, selecting a retirement plan for your small business is good for you, too. You can participate in your business' retirement plan, helping you secure your own financial future—especially in the event that income from your business might not fully support you in retirement. These savings plans also come with tax benefits for you and your workers, including allowing you to write off contributions as a business expense, and to make certain contributions tax-free.

THIS SECTION WILL HELP YOU ANSWER:

- How can retirement plans benefit my employees, my business, and me?
- Which plan is the best option for my business?
- Which legal issues should I be aware of?
- Which tax incentives can offset the cost of adopting and managing a plan?
- What are other businesses like mine doing?
- How else can I help my employees save for the future and build wealth?

How can retirement plans benefit my employees, my business, and me?

Saving for retirement is a crucial wealth-building tool, and comes with many additional benefits. Major advantages of offering a retirement plan include:

- **Attracting and retaining talented employees.** In a fiercely competitive retail market, offering a retirement option to employees can distinguish your business from the rest and encourage employees to remain with your company long-term.
- **Reducing income taxes for plan participants.** Putting money away through salary deductions in a tax-deferred account will lower your taxable income, thereby reducing your and your employees' overall income tax rate.
- **Reducing your business taxes.** Contributions you make on behalf of your employees to qualified plans can be deducted from your business taxes each year.

- **Helping you and your employees build wealth.** Even small contributions each month can add up to significant savings over time, especially with the compounding effect of tax-deferred investment growth. To determine just how much you and your staff members could save by the time you retire, check out this Retirement Calculator from Paychex.

Which plan is the best option for my business?

When thinking about adopting a retirement plan for your business, it's useful to consult a tax or retirement plan professional who can assist you with finding a plan that suits your needs. You can also get started by acquainting yourself with retirement options popular among small businesses. While many employers believe retirement plans are too complicated or costly to fit their business, there are actually a number of very simple and low-cost options available to your business—and many come with significant benefits to you personally.

Small business owners like you can access a variety of retirement savings options, many of which are easy to set up and require minimal (if any) financial contributions and management on your part. Employers can choose how much they want to contribute—if at all—to their employees' plans. To start, it's helpful to think through a few key issues. Consider asking:

- **How important is long-term saving to my employees?** When considering adopting any new benefits option, it's important to focus on what matters to your staff. You could conduct a formal or informal survey of employees to see if setting up a retirement plan is a priority for them.
- **Which is a greater priority: higher contributions or hassle-free administration?** Some retirement options allow for easy in-house oversight and management. The downside to these plans, however, is that the contribution limits are lower, meaning you and your workers won't be able to save as much every year. Plans with higher contribution rates generally come with more legal compliance issues, paperwork, and ongoing oversight. If you know how much administration you can handle, you can more easily identify an appropriate option for you and your employees.
- **Can I afford to make contributions on behalf of my employees, or would I prefer to encourage them to make contributions on their own?** Even without making contributions to employee retirement savings, you can still encourage your employees to save for the future by helping them set up their own retirement savings accounts.
- **How much will my employees and I need to save for retirement?** When deciding on a plan, it's important to consider options that allow you and your employees to save the most money now to build a sound financial future in retirement. This easy-to-use Lifetime Income Calculator from the U.S. Department of Labor (DOL) Employee Benefits Security Administration (EBSA) helps determine how much you and your employees can set aside from your earnings each year before retiring.

Before getting into the available options, you can narrow down your choices by identifying which example below best matches your situation:

I AM A SMALL AND/OR NEW BUSINESS WITH FEW RESOURCES FOR MANAGING A RETIREMENT PLAN, BUT I STILL WANT TO ENCOURAGE SAVING FOR RETIREMENT.	I HAVE A LARGER OR MORE ESTABLISHED BUSINESS AND WANT TO ATTRACT TOP TALENT AND INVEST MORE IN MY EMPLOYEES' (AND MY OWN) FINANCIAL FUTURE.
<p>An IRA-based plan might be the right option for you. Requiring relatively little administration and low set-up fees, IRA-based plans put the responsibility for saving on your employees, while granting them the freedom and flexibility to save at a rate that makes sense for them. The simplest type of IRA, a payroll deduction IRA, doesn't even require you to make contributions on behalf of your employees. The other two popular options—SIMPLE IRAs and Simplified Employee Pensions—require you to contribute to your workers' plans every year, but also grant you the option to write off those costs as business expenses on your taxes.</p>	<p>Consider adopting a defined contribution plan—the most prevalent type of all employer-sponsored retirement plans. These plans require more ongoing maintenance and costs to set up in consultation with a third party financial institution. The main advantage of defined contribution plans, such as traditional 401(k) plans, is the higher contributions employees and employers are allowed to make each year. These plans are generally more enticing for workers than IRAs, as the employer handles set-up and management, while granting employees flexibility to contribute the amount that's best for them. Popular defined contribution plan options for small businesses are Traditional 401(k), SIMPLE 401(k), and Solo 401(k). And remember: the additional Startup Costs tax credit is worth up to \$500 for the first three years, potentially offsetting administrative expenses significantly.</p>

COMMON DEFINED CONTRIBUTION PLANS			
	TRADITIONAL 401(K)	SIMPLE 401 (K)	SOLO 401(K)
ELIGIBILITY	Any size business.	Small businesses with fewer than 100 employees that do not offer any other retirement plan.	Business owners with no common-law employees (and spouse, if desired).
WHO CAN CONTRIBUTE	Employers and employees	Employers and employees	Employer
MANDATORY EMPLOYEE CONTRIBUTION?	No, employer contributions are optional and can vary year-to-year.	Yes, matching contributions dollar-for-dollar, up to 3% of employee annual compensation; in the case of non-elective contributions, employer contributes 2% of employee annual compensation.	Yes, account owner in this case is both employee and employer, and can make contributions in both capacities.
CONTRIBUTION LIMIT (2018)	\$18,500	\$12,500 (additional catch-up contributions of \$3,000 allowed for employees age 50 or older).	\$18,500 (\$24,500 for individuals age 50 or older); can also combine with employer non-elective contributions of up to 25% of annual compensation. (For self-employed individuals, the IRS has specific guidance .)
MAIN ADVANTAGE	High contribution rates and option to withdraw funds or take out loans if unexpected financial needs arise before retirement.	Simple to operate and not subject to non-discrimination testing.	High contribution rates (potentially higher than under the other main option for self-employed individuals, a SEP).
MAIN DISADVANTAGE	401(k) plans tend to have higher costs per employee per year than SEP or SIMPLE IRAs (\$60-\$100/employee for a 401(k) per year vs. \$20-\$25/employee for an IRA).		
	Higher administrative costs compared to IRA-based plans; can require non-discrimination testing.	Employee option to withdrawal or borrow money from the account could add administrative burden to employer.	Once employees are hired and meet plan eligibility requirements, plan must be extended to them.

COMMON IRA-BASED PLANS			
	SIMPLIFIED EMPLOYEE PENSION (SEP)	PAYROLL DEDUCTION IRA	SIMPLE IRA
ELIGIBILITY	Any size business.	Any size business.	Small businesses with fewer than 100 employees that do not offer any other retirement plan.
WHO CAN CONTRIBUTE	Employers only	Employees (through payroll deduction)	Employers and employees (through payroll deduction).
MANDATORY EMPLOYEE CONTRIBUTION?	Yes, but amounts can vary year-to-year, according to employer's preference.	No, employer contributions not permitted.	<u>Yes</u> , matching contributions dollar-for-dollar, up to 3% of employee annual compensation; in the case of non-elective contributions, employer contributes 2% of employee annual compensation.
CONTRIBUTION LIMIT (2018)	25% of net earnings , up to \$55,000	\$5,500 (\$6,500 for individuals age 50 or older)	\$12,500 (\$15,500 for individuals age 50 or older)
MAIN ADVANTAGE	Easy setup and low (sometimes free) operating costs. Tend to be low cost, at about \$20/employee per year.	No required employer contributions and overall simplicity. (The IRS calls this "probably the <u>simplest retirement arrangement</u> that a business can have.")	Easy setup and operation: no filing requirements or <u>non-discrimination testing</u> . Low cost for small businesses, at \$20-\$25/employee per year (with a potential one-time setup fee). ¹²
MAIN DISADVANTAGE	Can become expensive due to requirement that you contribute the same percentage for each eligible employee, including yourself as the owner.	No tax deduction for the business owner.	Required and inflexible employer contributions.

A third option are defined benefit plans, typically known as pensions, which guarantee employees a predetermined amount of income in retirement that usually depends on a combination of the employee's salary and the number of years they worked for the company. These plans are much more challenging to manage and are pretty uncommon among small businesses.

Which legal issues should I be aware of?

AM I REQUIRED BY LAW TO OFFER RETIREMENT PLANS FOR MY EMPLOYEES?

No. Businesses are not legally mandated to offer retirement savings plans to their employees, though millions of business owners choose to do so to remain competitive among their peers and to attract and retain the best workers.

With that said, we really encourage you to keep an eye on any new legislation in your state. Some states, including [California](#), [Connecticut](#), [Illinois](#), [Maryland](#), [New Jersey](#), [Oregon](#), [Washington](#), [Vermont](#), among others, have established (or are in the process of creating) state-sponsored individual retirement plans for workers. Under these programs, individuals without access

to a retirement plan through their employer could be automatically enrolled in a low-cost state-sponsored plan, with your business acting as the plan facilitator. The new programs have come under scrutiny at the federal level, in many cases causing delays in implementation at the state level. You're encouraged to stay up-to-date on the status of programs in your area, for instance by consulting the [Pension Rights Center](#) or [AARP](#).

WHICH LAWS APPLY WHEN OFFERING A RETIREMENT PLAN FOR MY WORKERS AND MYSELF?

While there is no law mandating that you offer retirement benefits, employers who do are subject to regulations regarding implementation and oversight. We advise you to consult with a retirement broker or legal advisor before adopting a plan.

Which tax incentives can offset the cost of adopting and managing a plan?

The basic advantage of any IRS-approved retirement program—aside from building wealth over time—is that it comes with some helpful tax benefits. In most cases, approved plans are “tax-advantaged,” meaning that you or your employees can make contributions tax-free. Taxes are charged when individuals withdraw their savings from their account at retirement (and while some plans allow for earlier withdrawals, these usually come with a penalty fee). Roth Individual Retirement Accounts

(or Roth IRAs) are one major exception: under these plans, individuals’ contributions to their retirement funds are taxed upfront, and not when the money is withdrawn at retirement. While these incentives rarely change, the IRS can alter the limit on how much money can be contributed to a retirement account tax-free (for more on these limits, see the tables below).

In addition to tax-free contributions, a number of other helpful tax benefits make retirement accounts a smart investment for you and your business, including those laid out in the table below:

TAX INCENTIVE	WHO'S ELIGIBLE
Tax-Deductible Employer Contributions. To incentivize and make it easier for employers to help their workers save, the IRS allows business owners to deduct the cost of their yearly contributions to qualified employee retirement plans from their business taxes, up to a certain amount each year. Check the IRS website for annual updates on contribution and deduction limits under various plan types.	All employers who contribute to employee retirement plans qualified under the IRS, with the exception of Roth IRAs and Payroll Deduction IRAs .
Retirement Plans Startup Costs Tax Credit. To offset some of the costs of setting up a formal plan for you and your workers, you can access a tax credit specifically for small businesses. The credit represents 50% of your “ordinary and necessary eligible startup costs,” as defined by the IRS, up to a limit of \$500 each year. The credit is accessible for the first three years of offering the retirement savings plan, but employers may claim the credit in the tax year immediately before the tax year the plan becomes effective.	Small business owners with 100 or fewer employees that paid \$5,000 or more in compensation for the previous year. The credit applies to those business owners who set up and administer a SEP , SIMPLE IRA , or other qualified plan. For more detail, see the IRS guidance .
Saver's Credit. For low-income employees earning \$31,500 or less per year individually (other salary ranges apply if filing jointly with a spouse), the IRS offers the “Saver’s Credit” to make putting away money for retirement easier. The amount of the credit varies according to eligible participants’ adjusted gross income, filing status, and amount contributed to retirement plans, with a maximum value of \$2,000 per person.	Any individual 18 years of age or older who contributes to a retirement plan, is not enrolled in school full-time, and not claimed as a dependent by anyone. For more detail, see the IRS guidance .

What are other businesses like mine doing?

Offering an employee retirement plan can mean a real competitive advantage for your business in hiring and retaining workers. At the same time, you shouldn’t feel alone if you haven’t yet been able to offer plans at your own business.

- Most small business owners aren’t able to offer a retirement plan to their employees.** In January 2016, research by [Pew Charitable Trust](#) found that just 22 percent of employees of businesses with 10 or fewer workers had access to a retirement plan through their employer.
- Small businesses in the service industry are especially unlikely to offer plans.** In 2016 only 19 percent of service-industry workers reported having access to a defined contribution plan, the most common type of employer-sponsored retirement plan, [according to the Bureau of Labor Statistics](#).
- The cost to small business owners for each employee participating in a defined contribution retirement plan averages about 2 percent of an employee’s hourly pay.** In 2016, [the Bureau of Labor Statistics](#) found that the cost to employers per employee for a defined contribution retirement plan (including administrative costs and contribution)

was about 45 cents for every hour worked, or about 2 percent of average employee compensation per hour, for businesses with fewer than 100 employees.

- **Administration costs can be affordable for small businesses with the right plan.** Experts have noted that administrative costs for a 10-participant 401(k) plan can be less than \$1,000 per year. When combined with the Startup Costs Tax Credit, worth up to \$500, costs could be even lower.

HELPFUL RESOURCES: CHOOSING A RETIREMENT PLAN

- [Fit Small Business' Small Business Retirement Plans-The Ultimate Guide](#) provides a comprehensive overview of small business owners' options for retirement plans, their key benefits and drawbacks, and the steps required for implementation.
- [Zenefits' Small business health insurance benchmark report](#) aggregates data from about 4,000 companies with 200 or less employees to provide benchmarks on different plan types, contribution rates, and trends in the healthcare space.

To access tax benefits through any of these IRA-qualified plans, ensure that any plan you adopt meets the all stated requirements, including covering the proper employees, making timely contributions to employee accounts, and sharing all the required information with employees, among others. For tips and checklists to verify whether your plan complies with the law, see the guidance offered by the IRS, "[Have You Had Your Retirement Plan Check-up this Year?](#)"

How else can I help my employees save for the future and build wealth?

If one of these more traditional retirement arrangements isn't right for you or your business, consider adopting another financial incentive plan that helps your employees increase their earning (and saving) potential while aligning their interests with the best interests of your business:

ALIGN EMPLOYEE AND BUSINESS GOALS WITH EMPLOYEE OWNERSHIP AND VARIABLE PAY PROGRAMS

In recent years, innovative business owners have increasingly looked for ways to grow their employees' participation and financial stake in their companies. From offering bonuses based on sales goals to transitioning to a worker-owned cooperative model or sharing equity through Employee Stock Ownership Plans, companies big and small are finding ways to align employees' interests more closely with those of the business. Cooperative models and stock-sharing plans are not always suitable for the small retailer, except as an exit option (for more detail on this process, see the case study on King Arthur Flour below). Still, there are other steps you can take to boost your staff's buy-in to the financial success of your business—and in the process, help them earn more, save, and build wealth.

CASE STUDY: KING ARTHUR FLOUR

Read how one small business owner successfully exited his business by creating an Employee Stock Ownership Plan (ESOP), granting ownership to his staff and ensuring the company culture and mission remained intact after his departure.

Some small businesses elect to use [profit sharing](#) to incentivize productivity and increase employees' earnings. While profit sharing can take different forms, some business owners choose to structure it as a [formal retirement benefit](#). Profit sharing retirement plans are [designed and regulated](#) much like a 401(k)—and can be offered in addition to a more typical retirement plan like a 401(k)—but can only be funded by the employer with profits from the business. One key advantage with profit sharing plans is their flexibility: employers get to decide how much and how often to contribute toward staff accounts (though allocations among individual employees must be based on a documented [formula](#)). Business owners can also contribute to employees' accounts one year but not the next, depending on how profitable they are from year to year.

If you like the idea of increasing employee buy-in to the financial health of your company, but are more interested in short-term incentives than long-term savings plans, consider [sharing your profits through cash payouts](#), or [offering bonuses based on performance](#). Both of these financial incentives are taxed as part of employee income (unlike most retirement contributions), but they offer much greater flexibility to employers. With cash profit sharing, employers reward employee productivity by providing a predetermined cut of company profits in the form of cash, a check, or, in some cases, company stock, usually on an annual basis.

One common downside to this kind of profit sharing, however, is that employees often have little understanding of how their contributions to the company impact its profitability, weakening the link between performance and incentives. With well-designed bonus plans, on the other hand, employers set clear goals and expectations for their employees, and reward those who meet their goals with one or more bonus payments throughout a given year. One essential component of operating a bonus plan successfully is to pair it with [open book management](#), sharing your financials and strategic goals with your staff so that they understand clearly how their performance adds or detracts from the overall business.

CASE STUDY: MARLIN STEEL

See how custom metal forms manufacturer Marlin Steel developed and expanded a [bonus program](#) that improved productivity throughout its firm of 35 employees, nearly tripling profits as a result.

DEVELOP A FINANCIAL WELLNESS PROGRAM

You can help build the financial stability and capabilities of your employees by developing a Financial Wellness Program. The need for such programs is clear: according to the Federal Reserve, nearly half of all Americans would not be able to come up with \$400 dollars to pay for an emergency without borrowing the money.¹³ And according to a 2017 study of financial stress in America, 30 percent of surveyed workers reported that personal finance issues are distracting them at work, contributing to productivity losses, increased absences and healthcare claims, and higher turnover.¹⁴ Offering a Financial Wellness Program has the potential to help employees manage their financial resources better, reduce stress, and improve productivity at work by providing tools to help them budget, save, and make payments on time.

HELPFUL RESOURCE: FINANCIAL WELLNESS

For more information about financial wellness programs, including various types of services you can offer or connect your workers to, see "[Workplace Financial Wellness Services: A Primer for Employers](#)," from Prosperity Now.

If you're interested in implementing a financial wellness program, talk with your employees about which kinds of services would be most useful to them, and consider the following options:

- Offer **short-term loans** or **accrued wage advances** for employees in financial straits.
- Suggest **safe credit-building products**, such as a [credit-builder loan](#).
- Connect your workers to **financial counseling** and **debt management services** from providers in your area. Check out the [Workplace Financial Wellness Services Directory](#) from Prosperity Now, an economic security-focused nonprofit, to find services near you.
- Encourage employees to use **online and mobile financial management tools** like [DoubleNet Pay](#), [Digit](#), and [Qapital](#).¹⁵
- Direct employees to free **financial education** programs offered by government agencies, including the [Consumer Financial Protection Bureau](#) and the [Financial Literacy and Education Commission](#).
- Offer employees an [Income Advance Program](#), which help employees build savings and better cope with financial emergencies.
- Making sure your employees are banked can be a great step to help support your employees' financial stability. If needed, consider inviting a good, local bank to speak to employees and help them set up an account without high fees or minimums. Check out this Ideas42 brief [on Financial Stability for the Workplace](#) for more information.

CASE STUDY: RHINO FOODS

Rhino Foods, a Vermont-based ice cream manufacturer, [launched an Income Advance Program in collaboration with a local credit union](#). The program helps employees manage financial emergencies by getting them the money they need immediately and enabling them to pay off their loans in small, weekly payroll deductions—all while building credit. Within three years of rolling out the program, Rhino Foods' retention rate jumped from 61% to 85%, where it has remained steady.

OFFER OTHER BENEFITS

For employers who can't offer retirement benefits or the other wealth-building strategies outlined above, consider reviewing the rest of your employee benefits and workplace practices. If your employees find it difficult to save, you could adopt some of the other workplace improvements outlined in this toolkit, from adopting a formal healthcare plan to implementing more stable schedules. Minimizing your workers' personal expenditures for things such as healthcare, transportation, and childcare not only enables them to put more money into savings, but also fosters engagement, productivity, and retention.

MEET WITH AN EXPERT OR GET ADVICE FROM A PEER.

When considering adopting any new benefits plan, perhaps the most important step is to seek out a small business expert for more guidance. Various public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA [Small Business Development Centers](#) and Pacific Community Ventures' free [BusinessAdvising.org](#) platform. It connects small businesses around the country with pro bono experienced business advisors who offer advice on a range of issues, including HR, marketing, IT, operations, and other small business concerns. To find other services in your area, visit the SBA's "[Local Assistance](#)" page.

HIRING, TRAINING, AND PROFESSIONAL DEVELOPMENT

Hiring, training, and professional development are three crucial components of a productive workforce and a healthy company culture. You can think of them as three steps in a single process. If the end goal of hiring is to find employees who not only do their jobs well but also add value and grow with your company, then “finding the right people” means also thinking through how to train and professionally develop your staff over time.

You’re already wearing a lot of hats, so it’s no surprise that you and many other small retail business owners don’t always have the time and resources to devote to hiring, training, and developing your staff in strategic ways. While not always easy to implement, investments in these three aspects of managing your workforce can pay huge dividends. Helping your employees develop the skills they need to succeed and grow within your business can mean the difference between a productive and an unproductive staff, high and low turnover, and happy and dissatisfied customers.

THIS SECTION WILL HELP YOU ANSWER:

- **What’s the impact of hiring, training, and professional development on my bottom line?**
- **How do I get started?**
- **How do I hire the best people for my business?**
- **How can I ensure my employees develop the skills they need in an efficient, cost-effective way?**
- **How can I give my employees opportunities to grow professionally, while minimizing costs to my business?**
- **What if I need to fire an employee?**

What’s the impact of hiring, training, and professional development on my bottom line?

Finding and keeping qualified workers is an acute challenge for small businesses, especially in urban areas experiencing very tight labor markets, with historically low unemployment, which makes it hard to find and retain talent. On average, approximately half of all hourly workers leave their jobs within the first 120 days. The high turnover rate at retail small businesses can come with significant costs to you, including declines in productivity, lost customers, and time and resources spent trying to find and train a new hire. You can distinguish your business and avoid one of the biggest problems in retail—disproportionately high rates of turnover—by improving your hiring, training, and professional development practices.¹⁶

Evidence shows retention rates for businesses are linked to growth opportunities. In fact, a 2017 report from the consulting firm FSG listed entry-level employee training, mentorship, and the creation of career pathways as essential parts of effective employee retention strategies. In the wake of the Recession, more than half of surveyed employees reported that opportunities for advancement were more important to them than any other aspect of their job, including compensation and benefits, when deciding whether to stay or leave a company.^{17,18}

Making changes to the way you hire, train, and professionally develop your staff can offer significant business advantages, including:

- Helping you identify reliable new staff members who embody your company culture;
- Ensuring employees have sufficient knowledge and skills to do their jobs well;
- Improving employees' ability to take on new or additional tasks;
- Boosting staff morale, cohesion, and job satisfaction;
- Aligning employee goals more closely with company goals; and
- Getting added value out of a more highly skilled and self-motivated staff.

How do I get started?

Before you make any changes to the way your business operates, take some time to reflect on your current practices and identify opportunities for improvements and cost-savings.

1. Know what's required. Make sure your practices regarding hiring and managing your employees are in line with the law. Check out the U.S. Small Business Administration's guidance, "[Hire and Manage Employees](#)," which offers clear, easily navigable information on basic state and federal labor laws.

2. Identify any "pain points" that are causing low employee morale and productivity, high turnover, or steep costs to your business. Think through your existing practices for hiring, training, and providing professional development opportunities for workers. Below are a few initial questions to identify areas for improvement:

- » Is high turnover causing my business to lose money?
- » Am I finding it hard to attract employees with the skills my business needs?
- » Have I struggled to hire employees who fit the "culture" of my business?
- » Are my employees finding it difficult to fulfill their job duties?

- » Do I spend too much time explaining tasks and retraining current staff members?
- » Are performance and task expectations clear?
- » Are my employees provided with frequent feedback on job performance?
- » What does a "career ladder" look like for employees within my company, if there is one?
- » Do I make available and communicate to my staff ways to grow within the business or develop new skills?

3. Get employee feedback. Consider asking your staff about the effectiveness of your on-boarding and training activities, as well as professional development opportunities. If you'd like guidance in gauging employee satisfaction with their job training and growth opportunities, check out the "Sample Employee Engagement Survey," and the "Training Evaluation Form Template" listed under "[Keeping the right people](#)" in the [HR Council](#) Resource Index.

4. Assess your employees' existing skillsets. When thinking about how to prepare new staff members for their jobs, or to keep and promote existing workers, it's helpful to get a sense of the range of skills your workers bring to the table. This process will help you discover new ways your employees can add value to your business, while also identifying skills your workers are looking to improve or develop.¹⁹ See the MindTools.com's guidance, "[Understanding Developmental Needs](#)," for advice on assessing your workers' skill gaps. For guidance on ways to evaluate your staff, see the [Employability Skills Framework](#) published by the U.S. Department of Education.

How do I hire the best people for my business?

As you well know, being a small business owner, finding reliable, talented workers is one of the toughest challenges in operating your business. You can reduce headaches and costs by following some of the HR best practices laid out below:

- **Know the key employee attributes that make your work successful.** Understand what skills and attributes are needed in your business. What do your best workers do that you want everyone to be able to do? Do you need outgoing people, do you need experts in what you sell, or do you need fast workers? Knowing what makes workers successful enables you to better hire for those key attributes.
- **Be transparent about salaries.** If you don't already, consider making public the salary or hourly wage for an open position. [You can increase your chances](#) of finding candidates who are genuinely interested in the role by presenting a realistic picture of what they can expect from the position.
- **Be transparent about the work.** Be clear from the beginning what the job entails. Given you run a small business, your employees may need to help a customer pick out the best jewelry for Valentine's Day—and also clean, remove trash, make displays, and stand on their feet for 8 hours a day. Be clear about the best and worst parts of the job from the application and onwards so you can get people who understand what is needed to succeed.
- **Ask for referrals from your current, most trusted staff.** Another consistent way of bringing talented, reliable people on board is to ask your existing employees for referrals. Searching for the right hire among a group of people already vetted by your current staff will significantly increase your chances of getting great people in the door. This method is a great way to engage your employees in building your business, and will show staff that you value their input. Sometimes, referrals can lead to less racial

and gender diversity among your employees, so be sure to keep this in mind and have a plan in place to mitigate any such challenges should they arise.

- **Ask early on where employees see themselves in the future.** Learning about employees' goals upfront not only helps you find forward-thinking employees looking to stay with the business long-term, but will also give you insight into the ways your staff members want to grow. Most businesses with successful hiring practices say they ask applicants about their ambitions within the company and beyond in the interview process. While there may be few opportunities for internal advancement, this conversation can help inform training and provide insight into how an employee may fit best within the business' needs.

HELPFUL RESOURCES: HIRING

- The [Society for Human Resource Management's "Resources and Tools"](#) section offers sample interview questions, job descriptions, and downloadable employee handbooks.
- See "[Interviewing for Employability Skills](#)" from the U.S. Department of Education for more guidance and sample questions to help you find the right hire.

- **Build a strong company culture.** Your company's culture consists of the behaviors, attitudes, practices, and overall vision you're fostering within it. Think of it as a set of core values that you hold. When your employees' values align with those of your business, they're more likely to feel motivated in their work and less likely to leave for other opportunities. When looking for culture fit, consider the following best practices:
 - » **Define your culture and make it clear to your staff.** Take some time to think through what you value, including characteristics you prioritize in your workers and yourself—such as integrity, responsibility, and reliability—and aspects of your business that distinguish you from competitors. Examples include superior

customer service, high-quality products, or environmental sustainability. Engage your employees in this process too, to help collaboratively shape what culture can and should look like at your business. Experts stress the effectiveness of writing out a **values statement** or **company mission** to share with staff. For more advice on solidifying your values within your business, see “[Build a Strategic Framework Through Strategic Planning](#)” from The Balance, which includes guidance on and examples of values and mission statements.

- » **Evaluate the extent to which your hiring process makes clear your company culture.** Companies with high retention rates make their values clear during interviews with prospective employees. Determine how effectively you [communicate your company culture](#) during your hiring process by including information about your values as a company in job postings, talking about your business culture during interviews, and demonstrating the culture through your interactions with prospective hires.

CASE STUDY: ZAPPOS.COM

See how online retailer Zappos was able to grow their staff, improve performance, and drive profits by [establishing a company culture rooted in customer service and screening for culture fit during interviews](#).

- **Increase productivity and reduce turnover through effective onboarding.** Effective onboarding processes do more than just familiarize your new hire to their work environment and responsibilities: they reaffirm your company culture and the value of working at your business. When done effectively, onboarding leads to higher performance, greater job satisfaction, and lower turnover, [among other benefits](#). The most successful onboarding procedures accomplish four main tasks:
 - » Giving new hires **confidence** in performing their job duties;
 - » Making clear **what’s expected** from them in their role;
 - » Introducing and **integrating them into the team** of staff members; and
 - » Demonstrating the **culture of your business** and how best to work within it.²⁰

For advice on onboarding effectively, see the Start-Up Study Group’s [A Step-by-Step guide to Onboarding New Hires](#), or the Inc.com article, “[3 Ways to Supercharge Your Onboarding Process](#).”

Expert tips for designing a strong onboarding process that sets your employees up for success include:

- **Keep your onboarding materials consistent with your company culture.** If you have formal materials that you use when onboarding new staff, make sure they’re consistent with the culture you want to foster at your business. Indeed, your onboarding should include company culture and values so employees understand what drives the company from day one.
- **Prepare all documents in advance.** Having all necessary paperwork printed, organized and ready to present to your new hire not only takes care of important compliance issues upfront; it also assures new staff members that you’ve prepared in advance for bringing them on board. For more information on required paperwork, see Fit Small Business’s [list of New Employee Forms](#).
- **Plan a simple assignment or project for your employee to tackle on their first day or throughout the first week.** Taking this critical step will help your [employee get immersed](#) in the business right away while getting acquainted with your systems and building confidence.
- **Plan a social activity for the first day to acquaint a new hire to other staff members.** Don’t underestimate the value of a team lunch. Building trust and a healthy group dynamic through team activities, especially for a new hire, her manager, and her team, is proven to increase job satisfaction and success.²¹

CASE STUDY: RED HAT

Read about how tech company Red Hat earned [recognition as one of Forbes’ “200 Best Small Companies” in America in part by developing an engaging onboarding process that drives home its company culture](#).

For templates and guides related to hiring and onboarding, check out the [Society for Human Resource Management \(SHRM\)](#). In particular, under SHRM’s “[Resources and Tools](#)” section, you can find sample interview questions, job descriptions, and downloadable employee handbooks.

How can I ensure my employees develop the skills they need in an efficient, cost-effective way?

When you think of training employees, you probably think of the first few days after they’re hired. But training doesn’t just happen when employees start. Organizing ongoing training activities can be an effective way to hone skills, boost productivity, and keep employees engaged at work. Key factors to keep in mind when designing or evaluating your training programs are:

- **Flexibility.** Not all employees learn in the same way, so try to be flexible wherever you can. Consider pairing written training materials with hands-on learning and shadowing.
- **Clarity.** Successful retail trainings drive home what’s a “best practice” in the industry or at your company, versus what is an absolute requirement. Make sure your employees know where your practices and policies are flexible and when strict rules apply. Standardizing your training content and process will be key here. What do employees need to know to be successful? How can we make sure they learn each skill in the time allotted and have time to practice and improve?
- **Follow up.** Training should not be a one-time exercise. Studies have found that most people forget nearly 80 percent of what they’ve learned within one month if there aren’t [follow-on activities to reinforce the information](#). If you can, [revisit core skills and job duties](#) with your staff often, making sure that they’re capable and knowledgeable in their work.

For more tips on effective training, see “[The Small Retailer’s Guide to Successful Staff Training](#).”

CASE STUDY: PAL’S SUDDEN SERVICE

Read about how innovative fast food restaurant Pal’s Sudden Service [developed training and learning reinforcement techniques](#) that cut frontline employee turnover down to a third of the industry average.

YOU CAN ALSO REDUCE COSTS AND AVOID SOME OF THE MAIN CHALLENGES ASSOCIATED WITH TRAINING WITH THE FOLLOWING PRACTICES:

- **Implement on-the-job training.** Before incurring costs for formal training elsewhere, think about ways to boost your initial, in-house training and onboarding activities. Consider starting a one-on-one mentorship program for workers to learn from managers or other staff members who have skills they want. Making sure trainers themselves are well-trained will be key to setting standards for high performance. Allowing new employees to observe current staff and management can be a helpful first step before jumping into hands-on training. For more tips, see “[The Best Ways to Do On-the-Job Training](#)” from The Balance.
- **Access state and federal grants, tax credits, and training programs.** Federal and state government agencies offer monetary and programmatic support to small businesses to help train their employees and find talented workers. For more on how to find and apply for funding, see the U.S. Department of Labor (DOL) Career Onestop Business Center guide to [Funding Employee Training](#). You can also search for a Federal Employment Training Program in your state through Career Onestop’s [Service Locator](#). Finally, the DOL’s [Employment and Training Administration](#) connects users to an array of government workforce development services to help you find and keep talented employees, including through government-sponsored pre-employment training programs.

- **Train on your organization’s values.** Training and onboarding offer a great opportunity to share with employees what the company stands for, organizational values and culture, who your customers are, and how your business adds value for your customers. Infusing values into training can help illustrate how more specific or technical tasks fit into the big picture.
- **Make sure your managers are involved managers.** Studies have shown that entry-level employees flourish and remain with a company longer when they have a supportive manager who fosters learning and recognizes accomplishments. Effective managers also make clear to employees what their expectations are, and how their roles fit within the company as a whole. For more on the importance of effective frontline management in new employee training, see FSG’s 2017 report, *[Investing in Entry-Level Talent](#)*.
- **Use online training courses.** Online training courses can help you cut down on costs, and offer convenient, flexible options for your employees. See the box below for some examples.²²
- **Track employee progress and make sure trainings are completed.** It’s easy to overlook or fail to complete certain elements of job training once an employee is no longer brand new. But letting training activities fall by the wayside can mean you’re not getting the most out of your staff. Consider using a tracking system to make sure that all aspects of job training are completed. This could take the form of a simple checklist, or a more formal [performance review](#) in which a manager meets with each staff member one-on-one to monitor progress toward full competencies and skills development.
- **Evaluate your trainings regularly.** Studies have shown that high-performing companies seek employee and frontline manager input on training materials and activities.²³ To ensure that trainings remain effective, engaging, and relevant, regularly check in with staff members and ask for their feedback on the training at your company. The “[Training Evaluation Form Template](#)” from [HR Council Resource Index](#) (mentioned above) can be used to gather employee input.
- **Never stop training.** Training isn’t limited to new employee onboarding. Experienced staff should get periodic updates to their training, especially if they’re entering new roles or when new programs are launched.
- **Build a more nimble workforce through cross-training.** Cross-training, or training employees in multiple skillsets outside their normal responsibilities, benefits both employees and business owners. With a cross-trained staff, schedules are easier to make since staff are more flexible and employees can more easily fill in for one another when someone is absent from work, or during periods where a position is unfilled. Cross training also makes employees more productive: if they are trained in both customer and non-customer facing tasks, they can be flexible throughout the workday and always be contributing to the business. Developing employee skillsets across multiple roles

HELPFUL RESOURCES: ONLINE TRAINING

- [The U.S. Small Business Administration’s Learning Center](#) is a great one-stop shop for free online videos covering a range of topics in business.
- [The National Retail Federation \(NRF\)](#) offers online training courses and other helpful resources for retail businesses of all sizes.
- [Retail Training Services](#) offers specialized online training for a fee, allowing employees to undertake 15-30 minute modules in courses on sales, management, operations, marketing, and other aspects of retail.
- [Dale Carnegie](#) connects users to in-person or online courses offered for a fee on a range of business skills development, including managerial leadership, sales, and customer service.
- [BizLibrary](#), a paid service, offers thousands of online training courses and videos organized by topic, from management tactics to workplace safety.

also builds employee confidence and makes them more valuable to your business. To implement cross-training successfully at your business, consider the following:

- » **Frame cross-training as a non-monetary reward.** Many workers will see the opportunity to develop new skills as an incentive, even if it doesn't come with a pay increase right away. Cross-training can demonstrate to your employees that you're invested in their long-term career growth.
- » **Offer skills-based raises.** If you can, consider implementing a raise system based on skills-development. Even as rising wages add costs to your business, those effects can be offset by lower rates of turnover and increased productivity. While employees should expect to be trained on multiple tasks, providing rewards for significant skill development on the job can go a long way. For examples of how two different businesses implemented skills-based raises, see the case studies in the box below.
- » **Set up a mentorship program.** Allow employees to shadow one another in order to learn new skills on the job.
- » **Make cross-training part of your culture.** Foster a culture of support and teamwork by implementing cross-training in a team-oriented, transparent way. When employees understand the value of being able to support each other in their respective roles—rather than feeling individually “indispensable” to the business—they are more likely to share their skillsets with their team members. For more practical tips on instituting cross-training at your company, see “Cross-training Employees to Promote Engagement and Performance” from The Balance.
- » **Set up systems to help employees plan their work and support others when needed.** Trader Joe's has its famous bell system to call up additional cashiers when needed. Quick Trip employees will move to the kitchen when there are 3 or more orders in the que to help speed up customer service. Make sure you have processes in place to help employees move between tasks when needed—whether that means they need to help a customer or what tasks are key to do when there are no customers. Critical to this is both systems and employee empowerment—employees should feel empowered to make these switches and identify where and how they can be most productive and most helpful to driving good customer experience.

See how cross-training looks in practice at businesses that adopted the Good Jobs Strategy.

CASE STUDY: INTEGRATED PACKAGING CORPORATION AND MARLIN STEEL

See how Integrated Packaging lowered turnover and increased productivity by incentivizing employees to develop new skills through a combination of government grants, gain-sharing, and skills-based raises. Similarly, read about how Marlin Steel embraced skill-based raises and fostered a culture of entrepreneurial workers using a detailed skills matrix.

How can I invest in my business to give my employees opportunities to grow professionally?

Professional development differs from training in that it involves your employee's long-term career, even if they someday leave your company, as opposed to a narrow view of their specific role at your business. Professional development activities can take many forms, from providing on-the-job training in a new role to offering stipends for employees to take classes at a local college. Creating opportunities for your staff to learn and advance in their careers is an effective way to increase employee longevity at your company while adding value in the form of new skills. These opportunities can also be a great way to improve loyalty among your workers if you can't yet raise wages or offer benefits.

THE STEPS BELOW CAN ASSIST YOU IN IMPLEMENTING PROFESSIONAL DEVELOPMENT PROGRAMS:

- **Consider what a “career ladder” looks like at your business.** It's no surprise that workers at small retail businesses often feel they have no room for growth within their company. Some business owners and employees embrace this reality, and are mutually transparent about the “revolving door” culture. If you want workers who remain with the company for years at a time, however, think about ways to give them a path of growth within your company.

If you can't offer growth opportunities within your business, you can still boost employee engagement by enabling workers to develop new skills that will help them move up the career ladder when they do leave. Consider the following options:

» **Look at career paths within larger businesses.**

Larger businesses within your industry can serve as a helpful model for what career advancement might look like for your business as it grows. See, for example, "[5 Promising Career Paths for Retail Workers](#)" from *Monster.com*, which details types of roles retail employees can grow into as they gain experience.

» **Identify skillsets your employees need to be promoted.**

Creating opportunities for career advancement within your business requires knowing which skills employees will need in a new role with greater responsibility. The article "[10 Things to Know about a Retail Management Career](#)" from *WorkitDaily.com* details the skillsets generally needed to work as a manager in the retail industry, and could serve as a helpful starting point for employees interested in developing management skills.

» **Find alternatives to traditional promotions.** If you're unable to offer opportunities for advancement within your business right now, consider other ways to help your employees take on more responsibility at work. While there may not be a fast track to management for your employees, there may be opportunities to build a career path through title changes and pay increases every 6-12 months based on new responsibilities, such as training new employees or taking on new projects that boost customer traffic. The detailed guidance offered by the Society for Human Resource Management (SHRM) in "[Developing Employee Career Paths and Ladders](#)" offers some alternatives to standard promotions, including **job redesign, enlargement, and rotation.**

» **Be transparent about upward mobility from the outset.** If you can't offer many opportunities for advancement within your business, you're more likely to find employees who accept this reality if you communicate it during the interview process. Alternatively, if your business does offer a career ladder, advertise the opportunities to candidates upfront. Taking these steps will help you identify the right candidates for open positions and keep those employees in the long term. For more tips on fostering upward mobility at your company, see "[Create a Career Path to Retain Employees](#)" from PayScale Human Capital.

• **Set up a mentorship program.** Establishing a mentorship system allows new and existing employees to build relationships, ask questions, and learn from those more experienced and skilled than they are. This system also provides a career step for your more experienced employees to become a mentor. For more on how to set up a mentoring system at your company, check out the [Workplace Mentoring Primer](#) from the Employer Assistance Resource Network (EARN). To see how mentorship can help your business, see "[The Advantages of Mentoring in the Workplace](#)," from the *Houston Chronicle*.

• **"Upskill" your staff and promote from within.**

Once you've identified a path of upward mobility at your business, look for ways to "upskill" your existing staff, or to help them learn new skills that qualify them for higher positions or bring new, needed skillsets to your growing business. Promoting from within greatly reduces the risks, time, and costs associated with hiring new staff members, but can also cut down on the need to pay temporary freelancers or consultants for special projects. For example, rather than bring on a consultant to help boost your social media presence, consider asking a staff member with promising communications skills to step up and take on the task. Engaging employees in this way fosters a culture of supportive growth within your business.

For more guidance, see Deloitte and The Aspen Institute's [Guide to Upskilling America's Frontline Workers](#) (we recommend jumping right to page 43, with "Getting Started"), which identifies **work-based learning, continued education, and career navigation** as the three central aspects of the upskilling process. The National Skills Coalition's 2017 report [Foundational Skills in the Service Sector](#) also offers helpful advice for employers looking to upskill their workers (you'll want to jump ahead to "Better Skills, Better Business: Steps Employers Can Take" on page 22).

“HOW OFTEN SHOULD I GIVE PERFORMANCE REVIEWS?”

The frequency of performance reviews depends on several factors, including your business culture, the number of employees you have, the frequency of engagement with those you directly oversee, and your own managerial style. Some experts suggest giving feedback as often as possible, whereas others advocate for semi-annual or annual reviews. Frequency really depends on what works best for your employees, your company, and your needs. However, regular feedback (even informal) can help your employees understand their performance on an ongoing basis and enable easier conversations during more formal performance reviews. For more advice on conducting employee evaluations, see “[10 Key Tips for Effective Employee Performance Reviews](#)” from The Balance.

- **Evaluate employee goals through regular performance reviews.** Studies have found that working toward a meaningful goal is the top motivator for employees across industries.²⁴ Performance reviews allow you to monitor employee progress toward goals in a strategic, replicable way. They also promote professional growth, improve productivity and job satisfaction, and help employees understand expectations. For effective performance reviews, consider adopting the following practices:
 - » **Begin early.** Talk about performance expectations as early as possible, including during the hiring process, so employees have a clear understanding of your standards and their goals in the role. During employee onboarding, describe your performance review process with new employees to help them understand how they’ll be assessed and create a culture of accountability.
 - » **Consider using training as an evaluation period.** Some employers set up training to be evaluative so expectations are clear from the very beginning, and if after 2-4 weeks of training, it is clear the employee is not the right fit, they do not continue--saving time and money and allowing the employee to move on and find a right fit.
- » **Define key performance measures.** Employees should know what the performance measures of top importance are based on conversations with management (and—ideally, through visual reminders in the work environment). Management can help employees understand how their work directly impacts these key performance measures. Holding daily or weekly huddles between frontline staff and managers to talk about performance gaps and provide feedback can be a helpful way to manage toward these performance measures.
- » **Use standard review templates.** While not everyone likes to use forms as part of their review process, if you choose to, you can access many versions of standardized performance review forms for free online. The “[Annual Review Form](#)” from the Society for Human Resource Management is a good example that can be adapted for different roles.
- » **Keep track.** Throughout the year, keep note of employees’ performance to help provide a more accurate assessment of their work, supported by numerous examples. You can also ask for [feedback from others](#) within your organization who work closely with the employee.
- » **Have an in-person discussion.** Take the time to sit down with your employees, walk them through the review process, and answer any questions they have. During the review, try to give feedback that’s highly specific: describe behaviors you’d like the employee to adopt, continue, or cease. Reviews are opportunities for you to address poor performance, set expectations for improvement, and/or praise employees for exemplary work.
- » **Give “feedforward,” not just feedback.** Many successful managers choose to approach performance evaluations by focusing on ways that employees can grow and improve—on forward-looking considerations. For more information about the concept of feedforward and how to use it in your employee reviews, see “[Stop Giving Feedback, Instead Give Feedforward](#)” from *Forbes.com*.
- » **Encourage self-appraisal.** Have your employees reflect on their own performance. Ask employees to write a list of their biggest accomplishments over the past year (or other given time period), or to reflect on their strengths and weaknesses in the role. You could also require them to fill out the performance review for themselves to allow for direct comparison with your comments.

- » **Conduct a 360-degree review.** One practice that many businesses find effective is to assess workers from a 360-degree view—meaning that managers seek feedback on employee performance from peers, those managed by the employee, and others the employee under review works with on a regular basis. Obviously, this review may not be practical for your business depending on its size, but the idea behind this kind of review is to give managers a more complete understanding of an employee’s performance. For more on ways to conduct 360-degree reviews, see “[Best Practices in a 360 Performance Review](#)” from The Balance.
- » **Reward high performance.** Offering bonuses is an effective way to reward employees for meeting or exceeding goals. For more on bonuses, see the section [on wealth building](#) included in this toolkit. Incentives for high performance do not always have to be financial, however: taking steps as simple as starting an “employee of the month” program or [publicly praising successful employees](#) can go a long way toward fostering a culture of high-performing workers.²⁵
- » **Continue to set goals.** Revisit the employee’s job description before a performance review and have a discussion about whether it remains accurate or needs to be updated. Based on the job description, set future goals that are meaningful, provide motivation, and can be measured. To read more about employee goal-setting, see “[Make sure your employees succeed,](#)” from the *Harvard Business Review*.

- **Align employee goals with your business goals.**

Getting your employees to think about their roles not just in terms of performing basic functions, but also as driving the success of your business can make them more productive, engaged, and likely to stay with the company long-term. This process requires looking for alignment between the goals of your staff and the goals you have for your company. To ensure goal alignment, take the following steps:

- » **Seek employee input.** One highly effective way to get buy-in to your business goals is to ask your staff to weigh in on what they think would benefit the company in the long-term. Your frontline and customer-facing staff members, for instance, might have great ideas about ways to boost sales or new products customers want.

- » **Communicate business goals to your employees regularly.** When employees don’t understand what they’re working toward, they’re very unlikely to feel motivated to do their jobs well or look for opportunities to improve. Avoid this pitfall by being transparent about what you’d like your business to achieve—in terms of profits, sales numbers, new customer acquisition, or other measurable achievements—and how staff members can support these goals. These goals can even be captured on posters that are hung in the break room or through some other visual reminder.
- » **Review alignment often.** It’s important to evaluate goal alignment regularly, but especially when your business objectives or strategies change. Make sure your employees are kept informed and have the chance to set goals accordingly.

CASE STUDY: MARLIN STEEL

See how Marlin Steel improved productivity by [aligning employee and business goals with a targeted bonus program](#).

For more on how to align the goals of your staff with your business, see “[When to Change Employee Goals,](#)” and [How Employee Alignment Boosts the Bottom Line](#) by the *Harvard Business Review*.

- **Encourage staff to continue to learn outside of work.** Offering educational assistance programs that help employees master new skills or receive certifications are a highly effective retention strategy for businesses, especially in retail.²⁶ Best practices for encouraging professional development activities outside of work include:

- » **Offer a training or stipends to your employees.** Consider developing ways of encouraging your employees to seek out educational opportunities, including by reimbursing them for tuition costs. While tuition reimbursement is not the right option for all business owners, many find that the added value of a highly skilled staff more than makes up for the upfront costs of classes and workshops. Other learning opportunities include industry-specific trainings, customer service workshops, or skill-specific programs.

- » **Make sure all learning is shared.** To maximize your investment, you could require that anyone who undergoes external training must share what he or she has learned with the rest of the staff.
- » **Locate resources near you.** In addition to the online resources listed above, the U.S. Department of Labor’s [Career OneStop](#) connects users to valuable information and resources to access professional development services, including:
 - **Local Training Finder:** This searchable database helps workers find training opportunities in their area.
 - **Job Center Database:** Here, users can search for an American Job Center near them, where they can receive in-person advice on ways to advance their careers.
 - **Professional Development General Guidance:** This page offers tips on how to network, receive certifications, and navigate an industry, among other topics.

See the box below for examples of professional development programs and services.²⁷

HELPFUL RESOURCES: PROFESSIONAL DEVELOPMENT

- **Created by the National Retail Federation Foundation, [Rise Up](#) is an online service offering certifications in numerous aspects of retail work, including customer service, sales, and inventory, for employees looking to move up the career ladder.**
- **Supported by a nonprofit association of grocery retail executives,—Western Association of Food Chains—the [Retail Management Certificate](#) program is a one-year program that prepares workers for careers in different segments of retail businesses, and can be completed online or at a participating community college.**
- **[Manpower powerYOU](#) is an online training platform that allows workers to build skills in areas such as word processing and communications, and receive certifications in specialty skills like computer coding and human resources. Additionally, Manpower’s [Career Pathways tool](#) also helps workers and employers identify upward mobility opportunities in retail.**

What if I need to fire an employee?

While it’s not something most employers want to think about, firing employees is an unfortunate part of managing a business. It’s important to prepare yourself in the event that you might have to let a staff member go. The following best practices can help protect you as an employer, while respecting the rights of your staff:

- **Have clear performance policies.** Have a clear attendance policy, cash register over/short policy, clear process for performance improvement plans, etc. so that employees know what is required of them and have clear, fair rules with opportunities to improve before termination.
- **Discuss misbehavior or performance issues with employees when they occur.** Don’t wait until the problems get out of control. Address bad behaviors among staff members when they happen so employees have a fair chance to improve. For guidance on confronting an underperforming staff member, check out “[Ten Steps to Help You Plan and Deal with a Difficult Employee](#)” from The Balance.
- **Document instances of employee misbehavior, underperformance, absenteeism, or other issues.** Gathering evidence of consistent problems with an employee supports your case for firing him or her in the event that your decision is challenged.
- **Familiarize yourself with discrimination laws regarding the firing of an employee.** Firing a staff member because of his or her race or religion, pregnancy, whistleblower status, or certain other characteristics violates the law. It’s important to know these laws even if you don’t plan to fire an employee, and regardless of the reason you want to let someone go. For more information, see “[How to Fire an Employee and Stay within the Law](#)” from the U.S. Small Business Administration.

- **Prepare for the termination meeting with your employee, and be direct.** Gather your paperwork—including documents supporting your case for firing someone—and think through what you’re going to say before you break the news. For more advice on how to approach a termination meeting, see “[How to Fire an Employee the Right Way](#)” from Fit Small Business.

MEET WITH AN EXPERT OR GET ADVICE FROM A PEER.

When instituting any sort of change in your practices or company culture, nothing is more valuable than learning firsthand from peers who have been there. Tackle your hiring, training, and retention challenges more quickly by seeking advice from a small business expert who knows exactly what you’re going through. Various public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA [Small Business Development Centers](#). You can also check out Pacific Community Ventures’ free [BusinessAdvising.org](#) platform. It connects small businesses around the country with experienced, pro bono business advisors who offer advice on a range of issues, including HR, marketing, IT, operations, and other small business concerns. To find other services in your area, visit the SBA’s “[Local Assistance](#)” page.

STABLE SCHEDULING AND PAID LEAVE

Stable schedules enable your employees to balance their personal lives without costing them a paycheck or you lost time—help to improve the fit between your business and your staff. Especially in the retail sector, employee schedules play a critical role in employee retention and business performance. As a business owner, providing stable schedules to your employees isn't a simple task. It requires a deep understanding of employees' availability, your business' staffing needs, and an investment of time to plan in advance. However, stable scheduling for employees tends to decrease absenteeism, turnover, and attrition, as well as enhance job commitment, sales, productivity, and recruitment of talented employees.²⁸

Speaking of balancing time, giving your employees more than the minimum required days off and instituting a paid leave policy at your business is an excellent way of attracting talented workers, promoting wellbeing, and improving morale among your staff. In fact, a [2016 Glassdoor survey](#) of more than 470,000 employee reviews of benefits packages found that paid time off was among the top three drivers of employee morale, along with healthcare and retirement savings. That's because employees who have the flexibility to take time off for major life events, family emergencies, or even to go on vacation—knowing they won't be losing wages—are healthier, happier, and more productive workers.

The following information will help you explore how to manage your employees' time in ways that are right for your business, your bottom line, and your workers.

THIS SECTION WILL HELP YOU ANSWER:

- What does it mean to provide a stable schedule?
- How does providing stable schedules benefit my bottom line?
- How can I implement stable scheduling at my business?
- What is a paid leave policy?
- What are the benefits of paid leave to my business, my employees, and me?
- How do I set up a paid leave program?
- How do I ensure the policy is effective and less subject to abuse?

What does it mean to provide a stable schedule?

The idea of “stable scheduling” encompasses a variety of things, with the overall goal of allowing your employees to more easily balance their personal and professional lives. For your purposes, this means that **employees can indicate scheduling preferences, receive advance notice of their schedules (ideally at least two weeks out), request days off and have the ability to trade shifts.**

Flexible scheduling can enable your staff to attend school, take care of their children, and tend to personal needs when they have to. It also means that your employees can depend on working a consistent number of hours per week, thereby reducing worries around income fluctuations.

How does providing stable schedules benefit my bottom line?

Providing workers with stable schedules has been shown to improve retention, drive down absenteeism, raise productivity, and foster employee morale. Because stable scheduling helps employees better manage their personal and professional lives, it can help to reduce employee stress, drive increases in productivity, and produce valuable cost savings for businesses.²⁹

LOWER TURNOVER

When Walmart started providing “open scheduling” across the majority of its 4,600+ stores (where managers created schedules based on employees’ availability), the retailer saw a 14 percent drop in staff turnover, and now plans to roll out additional types of scheduling flexibility. In addition, another recent study of retail employees found that when managers took more care to consider employees’ scheduling needs, stores had about 23 percent lower turnover and 6 percent greater retention.³⁰

INCREASED PRODUCTIVITY

Providing stable scheduling helps employees be more productive. In a survey of lower-wage, hourly workers with access to workplace flexibility, 80 percent of workers and 79 percent of workplace managers reported an increase in team effectiveness and productivity.³¹ Longer weekly working hours and irregular shifts exacerbate stress around work-family time conflicts. When employees have controlled hours and an ability to influence their work schedules (e.g. when they can request particular start and end times and take time off of work), studies show a significant association with reduced work-family conflict.³² That’s because when employees have less stress at home, they’re better able to concentrate fully on work, helping to boost productivity. Additionally, flexible and predictable schedules promote staff health, enabling them to perform their best on the job.

LOWER ABSENTEEISM

By actively taking into account employees’ preferences and personal conflicts, providing schedules 2+ weeks in advance, and giving employees adequate hours, stable scheduling helps to drive down absenteeism. In the same survey of lower wage, hourly workers, 64 percent of workers and 74 percent of managers reported reduced absenteeism in the workplace after the implementation of stable scheduling.³³ Similarly, Walmart’s flexible scheduling initiative, in addition to lowering turnover, resulted in an 11 percent drop in absenteeism.

STAY AHEAD OF THE CURVE

While offering stable scheduling is a great way to empower employees and boost your bottom line, it may also become the law soon in certain regions. Some city governments, including in Seattle and San Francisco, as well as at least 12 other state legislatures, are introducing laws or launching investigations to ensure fair scheduling practices for employees.³⁴ Federal measures have also been proposed in recent years and are gaining nationwide traction. Businesses that adopt stable scheduling practices today will not only see benefits for their business, but will also be able to get ahead of the growing number of employee scheduling laws and regulations.

How can I implement stable scheduling at my business?

REGULARLY CHECK IN ON EMPLOYEE AVAILABILITY

Understanding employees’ scheduling constraints doesn’t have to start during onboarding, but should be part of the hiring process itself. Making sure an employee’s schedule works for your business’s needs and vice versa is a key first step to ensuring an employee will be a good fit. Indeed, increased employee input and work flexibility are positively associated with a variety of health outcomes and life satisfaction.³⁵

For each employee, it's helpful to determine their preferences regarding number of weekly hours, start and end times, unavailability, and when they prefer not to work but can do so if necessary.³⁶ For many retailers, weekends are peak—requiring people have availability on at least one weekend day, or two weekends a month, or whatever works for your business, may be key, for example. **A great place to start is When I Work's online resource, “[How to Use Employee Availability Forms Efficiently](#),” which includes a downloadable employee availability template.**

PROVIDE 14-DAY ADVANCE SCHEDULES

Setting schedules two weeks in advance helps your employees (and you) better manage personal and work commitments and reduce potential conflicts. A study of a national women's retail clothier showed (to the surprise of store managers) that 80 percent of staffing hours their store had been assigned were stable over the course of a year.³⁷ Furthermore, by notifying employees of their shifts at least two weeks in advance, you reinforce an environment in which employees are expected to provide at least two weeks' notice of scheduling constraints and conflicts. Legislation mandating two weeks' advance schedules is in effect in areas such as [San Francisco](#), [Emeryville](#), [New York City](#), and [Oregon](#), with many additional pieces of proposed legislation underway.

Try to develop a procedure with your employees for distributing the hours that later have to be cut or added to the schedule.³⁸ While rolling out a 14-day advance schedule may not be a smooth process immediately, in the long run it enables your employees to balance their personal commitments more effectively and reduce potential conflicts, thereby driving down absenteeism and understaffing. This can help you as the business owner reduce the understaffing headaches caused by last minute call-outs for scheduling conflicts.

CASE STUDY: DOSA RESTAURANT

At DOSA—an Indian eatery with multiple locations in the San Francisco Bay Area—stable scheduling is seen as a key mechanism for employee retention. DOSA's HR director Julie Howe shares that the top reason for employee turnover is scheduling conflicts, especially because many hourly employees have more than one job. Prioritizing scheduling as a retention tool, DOSA starts early, discussing scheduling in the hiring process so that if staff members cannot work certain days, that's agreed upon before they're hired. Furthermore, DOSA provides employees with schedules two weeks in advance and tries to consistently provide employees with back-to-back days off. Howe says that this approach to scheduling has helped to reduce DOSA's number of sick calls and has made for more productive employees.

To learn more about DOSA and other restaurants' approaches to stable scheduling, check out the [article and video from Instawork's “Get a Handle on Hiring” panel](#).

ESTABLISH STABLE SHIFT STRUCTURES

Partially fixed schedules can provide a great deal of stability to your employees' lives. Based on store hours and the times you tend to be busiest, try to determine what percentage of staffing hours are around the same, and what percent vary week-to-week. Demand for your staff's store hours tends to fluctuate less than is commonly thought. According to Susan Lambert, co-Director of the [Employment Instability, Family Well-Being, and Social Policy Scholars Network](#) (EINet) at the University of Chicago, “Although there is variation in expected demand at the margins, week to week and day to day, we find that managers might be able to take better advantage of the stability that's there. For example, if 80 percent of the hours are always the same, a manager might be able to give employees a stable schedule for 80 percent of their hours, and then tell them to expect that 20 percent may vary week to week. Such a practice would give employees ‘predictable unpredictability.’”³⁹

To start shaping a stable schedule, ask yourself questions such as:

- On which days am I consistently over- or under-staffed?
- Are outside events (holidays, construction, etc.) impacting my revenue or foot traffic?
- Is there a relationship between hours worked or scheduled, and sales?
- Does my business tend to ebb and flow seasonally?⁴⁰

If you're not sure where to start, try out this [Hidden Scheduling Stability Worksheet \(Page 53\)](#).

- If you're unable to provide stable shifts to all your employees right now, consider adopting a version of [Walmart's new scheduling approach](#), which provides fixed schedules to employees with the longest tenure, and allocates additional shifts that become available on a first-come-first-served basis.

CASE STUDY: COOPERATIVE HOME CARE ASSOCIATES (CHCA)

Learn how Cooperative Home Care Associates (CHCA) used [innovative scheduling practices to create workplace and financial stability for their employees](#).

REDUCE OR ELIMINATE ON-CALL SHIFTS

On-call shifts—in which employees are required to be available to work but are only called in to work based on variables such as customer traffic—can be very disruptive to employees' lives. By requiring employees to be available to work, on-call shifts prevent them from pursuing other activities such as taking a shift at another job or attending to personal commitments, especially for those who need to arrange child care. Retailers across the country, [including the Gap](#), are starting to phase out these on-call shifts.

See if you can implement more regular schedules using the Scheduling Stability Worksheet above and determine whether on-call shifts are a necessity at your business. If you still feel that on-call shifts play an important role at your business, consider compensating your employees for their time. For example, [Seattle's City Council Secure Scheduling legislation](#) (which applies to retail, food services, or drinking establishments with 500+ employees) requires employers to pay an employee for half of the hours not worked if an employer doesn't ask an on-call employee to report for duty. [Zazie Restaurant](#) in San Francisco uses an alternate approach, providing workers with core schedules that include no more than one on-call shift per week that's used solely to cover gaps in the schedule or because of illness. For more guidance, check out [Why You Should End On-Call Scheduling and What to Do Instead](#).

GUARANTEE MINIMUM HOURS

The number of current part-time workers who would prefer full-time employment has almost doubled since 2007 and currently stands at about 7.5 million people. The desire for full-time employment is [especially acute among retail and restaurant workers](#).

Guaranteeing a set number of weekly hours for employees can go a long way in helping to reduce employee turnover. For example, all part-time Costco employees receive their schedules at least two weeks in advance and are guaranteed a minimum of 24 "core hours" every week—a [policy that dates back to 1985](#). Costco has been rewarded for their "core hours" policy with 11 percent annual turnover—one of the lowest rates in the retail industry.

While there is a risk in overstaffing shifts due to sometimes unpredictable fluctuations in customer demand, staff members enjoy the economic security that results from knowing that they have guaranteed, consistent hours to work every week. Employees who work more hours are also more likely to know your product, processes and customers well and be therefore more productive and likelier to stay with your business.

PROVIDE “SHOW UP PAY”

Sending an employee home early due to customer fluctuations is common practice in the retail industry, but has negative consequences on employees’ financial stability and engagement. Employees often spend time commuting to/from work, arranging child care, and rearranging work conflicts. Getting sent home early can increase your workers’ work-life stress, which influences productivity, turnover, and absenteeism.

Consider establishing a policy wherein employees won’t be sent home when customer traffic is low on a given shift. Instead of sending an employee home, they can address other tasks that tend to get overlooked during high-traffic times, such as cleaning, stocking shelves, or completing online trainings. This policy not only provides more certainty and stability for employees, but also helps support a well-maintained business environment. Other options include providing a guaranteed minimum number of hours of pay for employees who are scheduled, even if the employee is sent home (e.g. an employee is guaranteed pay for 50 percent of the hours of their scheduled shift regardless of whether they work the full shift). For example, at national retailer Costco, when customer traffic is lower than anticipated, store managers give employees the option to end their shift early, but employees are not required to take that option.

EMPOWER EMPLOYEES TO SWAP SHIFTS

Employees know their own schedules best, so enabling them to exchange shifts or workdays voluntarily to manage personal commitments can go a long way in reducing turnover and improving absenteeism. To provide structure to employee shift swaps, managers should be clear about which staff members are eligible to switch with one another based on certain characteristics, such as seniority, shift-specific skills, expertise, and other factors. Posting publicly a roster of staff availability and phone numbers can create a sense of employee empowerment and shared responsibility in ensuring shifts are covered.

Allowing employees to use a scheduling application enables staff to select and update their schedules instantaneously, and provides greater visibility into which shifts are available. Certain scheduling applications, such as When I Work, offer functionalities that allow employees to submit availability for approval. If you don’t currently use scheduling software, check out the article, “20 Employee Scheduling Software Solutions for Small Businesses” to compare your options and see which best fits your business.

IMPLEMENT CROSS-TRAINING

Your small business can improve the likelihood of stable scheduling success by making their employees more nimble. Consider cross-training your employees on job tasks to maximize their adaptability. When an employee becomes an “expert” in a certain skill, consider asking that employee to train other employees in that skill (while temporarily reassigning their minor tasks to other staff).⁴¹ Ensuring that your staff are trained in multiple roles and skillsets allows employees to respond to schedule disruptions caused by workforce shortages and seasonal staff fluctuations. For example, at QuickTrip, a national convenience store chain, employees receive training that allows them to perform a variety of tasks. When in-store traffic is high, employees focus on engaging with customers. When traffic is low, they focus on other tasks, such as cleaning and restocking the store. For more detail on QuickTrip’s practices, check out QuickTrip’s Investment in Retail Employees Pays Off.

CASE STUDY: GAP

National retailer Gap conducted a 35-week [scheduling experiment](#) that yielded about \$2.9M in increased revenues for Gap across 19 pilot store locations.

Key aspects of the experiment included:

- **Elimination of on-call shifts.**
- **Creation of 14-Day Advance Schedules:** managers finalized work schedules at least two weeks in advance, and associates had to request planned time off two weeks in advance.
- **Addition of Staff Hours:** adding hours for employees increased weekly sales by 10% in small stores (both units per transaction and conversion rates both increased).
- **Establishment of Part-Time Plus:** high-performing staff members were given a “soft” guarantee of 20+ hours per week, enabling employees to have more consistent hours, as well as greater familiarity with the products, stocking practices, cashier codes, and customers.
- **Creation of Core Schedules:** Gap identified employees who can consistently work certain shifts on specific days of the week, assigned the same people to the same shift for the majority of days, and created tools to enable managers to reuse the same schedule with minor tweaks, as needed (providing a core schedule of closers, openers, and other shifts to build from).

- **Stable Shift Structure:** managers sought to set the same start and end times for the majority of scheduled shifts, creating an environment where staff members worked the same times and the same shifts, helping them to structure days better and anticipate staff arrival times.
- **Tech-Enabled Shift Swapping:** Gap instituted a tool ([Shift Messenger](#)) that allowed peer-to-peer communication and coordination, which helped to decrease call-offs and save time for employees seeking coverage for shifts.

Key Results of the Scheduling Experiment:

- Estimated \$2.9M in increased revenues in the 19 stores over 35 weeks.
- Part-Time Plus staffing **created a core group of committed and well-trained associates.**
- Core schedules **saved time and provided employees with greater stability.**
- Managers spent **less time creating and revising schedules.**
- Labor productivity increased by 5%, with pilot stores generating an additional \$6.20 of revenue per hour of labor versus non-pilot stores.

Read more in the New York Times piece, [Time at Gap: Steady Hours Can Help Workers, and Profits](#)

Offering Paid Leave to your employees

Paid leave is a formal policy granting your employees time away from work—during which they continue to receive pay—for a range of events including medical, parental (maternity/paternity), sick, vacation, holiday, temporary disability, and bereavement, among others. Local, state, and federal laws govern leave policies. All workers are guaranteed by law at least some time away from work—though often unpaid—for [specific events](#) like military service, voting, jury duty, and religious observances. Extending the option of paid leave for personal reasons, such as the birth of a child or caring for a sick family member, can improve your operations and employee retention in numerous ways.

What are the benefits of paid leave to my business, employees, and me?

Despite the common perception that paid leave imposes unmanageable additional costs on small business owners, [studies have shown](#) that businesses have actually reaped benefits from the practice. And small business owners like you are increasingly seeing the value. With a paid leave policy, you can:

RECRUIT AND KEEP TALENTED WORKERS

Leave policies that help your employees balance their professional and personal lives, especially for major events like the birth of a child or caring for a sick relative, allows your company to attract and retain talented staff members.

Offering family or medical leave demonstrates to employees that you care about their health and general wellbeing, and that you're invested in their future at your business.

INCREASE PRODUCTIVITY

While many small businesses owners fear that paid leave policies are too costly to manage, studies of workplaces with mandatory paid leave policies have consistently shown that most businesses do not suffer financially, but actually see positive results. In a survey of small businesses in California with fewer than 50 employees, conducted 10 years after the establishment of a mandatory paid leave policy, 89 percent of business owners reported either no change or a boost in productivity since adopting paid leave.

IMPROVE AND PROTECT EMPLOYEE AND CUSTOMER HEALTH

Healthy employees are critical across the retail industry, where interactions with customers are frequent—but they are especially important in food service. In fact, the Center for Disease Control estimates that 53 percent of norovirus outbreaks can be attributed to sick food handlers.⁴² In addition to spreading disease, employees who don't take time off for illness for fear of losing wages are more likely to underperform in their job duties.

REDUCE ABSENTEEISM

One way to combat the persistent problem of absenteeism (employees habitually missing work without prior approval) is to establish a sick leave policy. Setting up formal guidelines around shifts missed due to illness fosters greater accountability, and can even encourage unhealthy employees to take the time off they need to get better. Many organizations have success with setting up a paid time off policy in which hours of paid vacation time are accrued as an employee works.

INCREASE EMPLOYEE SATISFACTION AND MORALE

Paid leave policies covering events like vacations and personal holidays can promote a healthier balance between work and leisure, boosting overall job satisfaction.

How do I set up a paid leave program?

FIRST, FIND OUT WHAT'S REQUIRED UNDER LAW.

At the national level, under the Family and Medical Leave Act (FMLA), businesses with 50 or more employees are required to offer leave to employees to take care of their own health or that of a family member, including a new baby. However, the law does not require that employees continue to receive pay while on leave.⁴³ State and local laws in certain places—like California, New Jersey, Rhode Island, Washington, and New York—have established paid leave programs in which businesses must offer compensated time off for employees to care for a newborn baby, newly adopted child, or sick family member. To make sure you're complying with the requirements of paid leave in your area, business owners are encouraged to consult with a legal expert. The guidance below can help you keep track of major regulations:

- **Federal laws.** The U.S. Department of Labor (DOL) offers an employer guide for FMLA, which includes information about requirements to follow and options available in administering leave programs. The DOL also offers additional information on federal legislation governing personal and sick leave.
- **State and local laws.** Many cities and states have mandated leave policies. To stay informed about local laws that might affect your business, check out the National Conference of State Legislature, which provides an overview of family medical leave laws by state. For city and county laws, see this guidance provided by the National Partnership for Women & Families.

THINK THROUGH YOUR GOALS

Determine what you hope to accomplish with a leave policy. Whether your goal is to attract and keep talented employees, to promote a healthier workplace, to track employees' days off more systematically, or something else, knowing the intent behind your policy will help you decide which types of leave to build into it. For instance, if your aim is to promote healthy workers, you might consider prioritizing paid sick days over vacation time. If you don't want to lose employees likely to have children, creating a parental leave policy might take center stage in your planning. If you're interested in a simple, standalone policy that helps your workers schedule time away from work in advance, setting up a PTO policy might be a good option.

HELPFUL RESOURCE: ASSESSING COSTS

Get more precise look at what a long-term leave policy could cost you with this free [financial modeling template](#) by Optimizely, which helps businesses estimate annual costs for a parental leave policy.

WEIGH THE BENEFITS AND COSTS

When deciding whether paid leave policies make financial sense for your business, remember that denying employees compensation for necessary time off might cost you valuable workers, or add unanticipated costs in the form of absenteeism or poor job performance. While costs vary across industries and business types, the U.S. [Bureau of Labor Statistics](#) found that the average cost of paid leave per employee in 2017 was about 7 percent of employee compensation for private companies (including businesses of all sizes).

DECIDE ON THE TYPE OF LEAVE YOU CAN OFFER

You can implement separate policies regarding paid leave for vacations, illness, and other common events, but many business owners choose to simplify their systems by adopting a single Paid Time Off (PTO) policy.

CASE STUDY: BORA ARCHITECTS

Read about how a [Portland-based architecture firm](#) successfully created a paid family leave program after finding that replacing an employee would be twice as expensive as offering paid time off. In this article, the firm's owners share their methods for gathering data, weighing alternatives, and estimating expenses for a paid leave program.

While not a comprehensive list, some of the most common options can be found in the table below:

TYPE OF LEAVE	DESCRIPTION	RELATED RESOURCES
PAID TIME OFF (PTO)	<p>PTO generally wraps all vacation, personal, and sick days into one, and allows employees to accrue hours over time to take off of work without penalty. PTO policies grant employees flexibility to use their hours as needed, while decreasing the need for employer or manager oversight. They do not include accommodations for parental leave or longer-term medical or personal issues.</p>	<p>To learn more and set up your own PTO policy, check out Fit Small Business’s article, “How to Create a Paid Time Off (PTO) Policy.” For an example of a PTO policy, see this Sample Paid Time Off Policy from The Balance.</p>
SEPARATE SICK, VACATION, AND PERSONAL LEAVE	<p>Some businesses choose to offer separate benefits for sick, vacation, and/or personal leave, rather than one “catch-all” PTO policy. While they can be harder to manage, offering separate “pools” of paid leave can minimize misuse of time off. Under some PTO policies, for example, employees will continue to come into work when they’re sick rather than lose a day that could be spent on vacation. Establishing separate allotments of time off designated for different types of leave can help circumvent this issue. Business owners are advised to work with an HR specialist or legal advisor in drafting their own policy, but in general, independent leave policies <u>should include</u> information regarding:</p> <ul style="list-style-type: none"> • Compliance with local, state, and federal laws; • Qualifications for employee eligibility; • How time off will be accrued (or, if preferred, a description of a “lump sum” policy, in which eligible employees are allotted a set amount of days off no matter how long they’ve worked at the business. This option tends to be easier to manage, but runs the risk that employees will use all their leave immediately rather than having to earn days off over time); and • The process by which employees may request and receive approval for time off. 	<p>For more detailed guidance on setting up separate leave policies, see “Drafting Paid Sick Leave Policies” from Lexis Practice Advisor Journal. Additionally, “Vacation Policies and Time Off,” from HR Simple has guidance and sample policies you can use as models when drafting your own policy. Finally, the post from Timesheets.com, “Which Vacation Accrual Rate to Use,” offers advice on deciding between different ways employees can earn time off.</p>
MATERNITY/ PATERNITY AND FAMILY LEAVE	<p>Under the FMLA, businesses with 50 or more employees must offer unpaid, job-protected leave of at least 12 weeks for the birth and/or care of a child in its first year. While this law does not apply to most small businesses, the Small Business Administration (SBA) has advised employers to model their maternity, paternity, or family (which includes caring for a sick family member) leave on the federal law, which stipulates—among other things—at what point an employee becomes eligible for the benefit and how the leave must be structured.</p>	<p>Fit Small Business offers free, downloadable templates and legal guidance for establishing maternity and paternity policies, as well as advice on managing parental leave requests.</p>

DETERMINE THE AMOUNT OF LEAVE YOU CAN OFFER

As the business owner, you must determine the number of days off to give your workers, and—if you prefer—the rate at which they can accrue those days off. As a reference point, consider the following small business statistics:

- According to the [Bureau of Labor Statistics](#), as of March 2017 the most common leave policies offered by businesses with fewer than 50 workers included **6 paid days off for holidays**. By contrast, only 1 percent of small business workers reported receiving 13 days or more of paid holiday leave, and only 2 percent received more than two weeks of paid sick leave.
- The [Bureau of Labor Statistics](#) also reported that 28 percent of small business (<50 employees) workers with access to paid leave were offered a consolidated—or PTO—plan, **ranging from 12 to 20 total days off** depending on length of employment. The other 72 percent of small business workers received separate pools of leave for different purposes, **ranging from 7 to 15 total days off** depending on length of employment.

DETERMINE THE RULES THAT WILL SHAPE YOUR POLICY

Beyond complying with laws in your area, you have flexibility to design the policy that best accommodates and incentivizes your workers. In addition to determining how many hours or days your employees can take off of work and—if applicable—at what rate that time will be earned, you can also decide whether and how much paid leave time can “roll over” from one year to the next, and if employees can “cash out” on unused paid leave upon leaving the company. (It’s critical to know the laws that apply to you, as [some states require](#) that employees be compensated for unused paid leave when they leave a job.)

REMEMBER THAT YOUR POLICY CAN BE FLEXIBLE

To cut down on costs, you could consider taking a flexible approach with your paid leave policy. Options include offering the benefit only to full-time and not part-time employees, or extending it to employees once they’ve been with the company for a certain amount of time. You can also [pro-rate leave allowances](#) for part-time employees. For example, if a part-time employee works

20 hours per week, compared to full-time employees who work 40, that part-time worker can access or accrue paid leave at 50 percent of the rate at which full-time workers access or accrue it. (Again, just make sure you’re compliant with local laws; part-time employees in California, for instance, are [eligible for the same sick leave](#) as full-time employees.)

SIMPLIFY ADMINISTRATION WITH BENEFITS SOFTWARE AND ONLINE PLATFORMS

Technological solutions designed to help business owners manage employee benefits have made setup and administration of paid leave policies much simpler. Online and software platforms like [Justworks](#), [Gusto](#), and [Quickbooks](#), among others, can help you design your policy, offer it to employees, and manage time off requests.

How do I ensure the policy is effective and less subject to abuse?

CONSIDER IMPLEMENTING SEPARATE LEAVE POLICIES RATHER THAN GENERALIZED PTO

As stated above, while general PTO policies can be easier for you to manage and keep track of, policies that don’t distinguish between sick and vacation time [can inadvertently encourage](#) employees to come into work while sick. Based on your business needs, determine whether it makes more sense to have a separate “pool” of time off for sick leave.

PREPARE IN ADVANCE FOR EMPLOYEES TAKING LONGER LEAVES OF ABSENCE

To ensure that losing an employee for a week or two each year does not leave your business in jeopardy, the SBA has [advised employers](#) to plan in advance for these absences, including by:

- **Cross-training employees.** By training your staff in multiple roles and skillsets, employees will be able to fill in for one another when someone misses a day of work or takes an extended leave of absence, protecting your business against losses in productivity. Read more about how to cross-train your staff in the [Hiring, Training, and Professional Development](#) section of this toolkit.

- **Encouraging ambitious workers to step up.** One employee’s leave of absence is another employee’s opportunity. When a staff member—especially a mid-level employee or a manager—takes long-term leave, allow others to take on more responsibility and learn new skills by filling the role for the duration of the absence. To avoid any conflict, make sure that all employees involved are fully aware of the situation, and develop a plan for reintegrating employees into their normal roles when the leave period ends.

OFFER A COMBINATION OF OPTIONS

The best types of paid leave, especially when it comes to parental and sick leave, include a flexible range of options that make the situation easier on both the business and the employee. Consider offering unpaid leave for a few weeks in addition to paid weeks off, and allowing full-time employees to ease back into work by working only part-time for the first few weeks back on the job. If possible, you could even allow employees to work from home before returning to work full-time.

HAVE A WRITTEN POLICY THAT YOU SHARE WITH EMPLOYEES

Make sure that your staff is fully aware of the rules surrounding your leave policy—and the penalties of violating those rules—by providing each employee with a copy of your written policy.

REQUIRE PRIOR APPROVAL FOR TIME OFF

While no one can plan for when they’ll be sick, employees can reasonably be expected to notify their managers about taking other types of leave. Business owners are encouraged to require advance notice for employees going on vacation or taking leave for a personal or family event.

CHECK IN PERIODICALLY WITH EMPLOYEES ON EXTENDED LEAVE

Keeping in touch with workers who are away for parental or long-term medical leave is a good way to maintain a positive relationship with the employee while they’re absent, and to ensure the employee is on track to return to work at the designated time.

For more advice and best practices, see “[Eight Ways to Reduce Abuse of Leave Policies](#)” from ADP. If you sense that an employee is abusing their time off, check out “[Abuse of Sick Leave: A Chronic Workplace Ill?](#)” from The Balance, which includes a list of tips on how to respond.

HELPFUL RESOURCES: FINDING TEMPORARY WORKERS

Staffing agencies can help you find temporary contractors to fill in for employees on leave. Check out [Quest Retail Staffing](#) to find contractors in your area whose skills match your business needs. You can also find other highly rated staffing services, searchable by industry, on [Best of Staffing](#), weighing alternatives, and estimating expenses for a paid leave program.

MEET WITH AN EXPERT OR GET ADVICE FROM A PEER.

When considering adopting any new benefits plan, perhaps the most important step is to seek out a small business expert for more guidance. Various public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA [Small Business Development Centers](#) and Pacific Community Ventures’ [BusinessAdvising.org](#) platform that connects small businesses around the country with free, experienced business advisors who offer advice on a range of issues, including HR, marketing, IT, operations, and other small business concerns. To find other services in your area, visit the SBA’s “[Local Assistance](#)” page.

EMPLOYEE ENGAGEMENT

“Employee engagement” can mean a lot of things to a lot of people, including job satisfaction, personal investment in the business, willingness to go the extra mile, helping drive improvement or recommending the company as a great place to work. Having an engaged workforce can help to reduce turnover, increase productivity, promote better customer service, and enable creative problem solving at your business. In addition, employee engagement supports discretionary effort—going the extra mile. Furthermore, better employee engagement is tied to increased customer engagement, which in turn helps to boost customer loyalty and retention—all of which reinforce your bottom line.

At small businesses, small changes and a commitment to employees can make a big impact on engagement. A number of factors determine how engaged employees feel, and the importance of each can vary from one business to another. Here, we’ve distilled key tactics to improve engagement, create a strong company culture, and boost your bottom line.

THIS SECTION WILL HELP YOU ANSWER:

- **What’s the impact on your bottom line?**
- **How do I achieve employee buy-in?**
- **What are some ways to get employees more engaged?**

Impact on your Bottom Line

Active employee engagement provides a variety of benefits for your business, such as:

REDUCED TURNOVER

Employee turnover can be a financial burden to your business. For workers earning less than \$50,000 annually, the typical cost of turnover is 16-20% of an employee’s annual salary. The estimated cost to replace a \$10-per-hour retail employee is approximately \$3,300. Successfully engaging employees means they’re more likely to stay at—and grow with—your business. Lower turnover helps to reduce the costs of training and hiring. In addition, high retention rates can also help your business grow more quickly because highly-engaged employees tend to refer their friends to open positions.⁴⁴

- To understand the factors contributing to the real “total cost” of losing an employee, check out [Employee Retention Now a Big Issue: Why the Tide has Turned](#). For a more tailored approach to your specific business, consult the [Society for Human Resource Management’s Cost-of-Turnover Worksheet](#).

FINANCIAL RESILIENCE

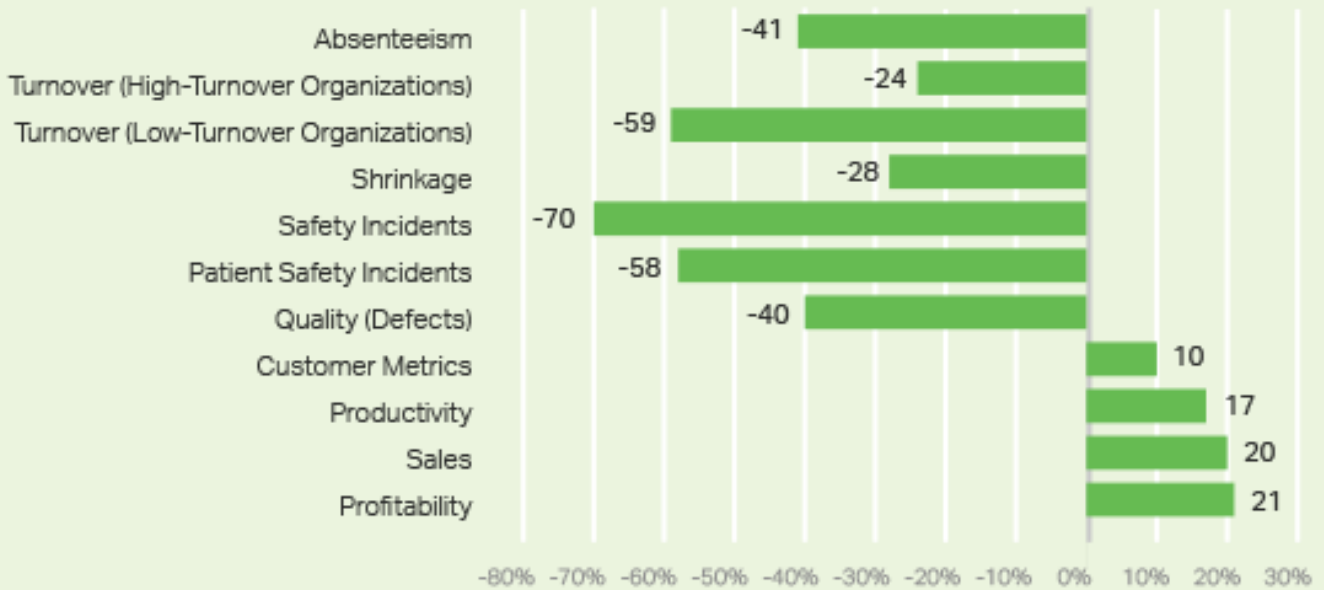
SJF Ventures’ [Employees Matter](#) report profiled 24 companies of varying sizes and industries that focus on employee engagement. The report is full of tips and advice for different kinds of engagement strategies, and how each affected the business’ growth. Their research also showed that businesses who actively engaged their employees—through transparency with the business’ financial health and with strong communication—tended to better weather the ups and downs of the market.

HIGH CUSTOMER SERVICE AND SATISFACTION

More engaged employees tend to provide better customer service because they find meaning in their work and understand how their performance impacts the success of the business. Strong customer service can have a positive impact on sales, as well as company reputation.

Engagement's Effect on Key Business Outcomes

When compared with business units in the bottom quartile of engagement, those in the top quartile realize improvements in the following areas:



GALLUP

Source: [State of the American Workplace](#), Gallup

Achieving employee buy-in takes more than employee engagement

It's important to note that creating a culture of employee buy-in at your business is influenced by factors beyond the steps you take to actively engage your employees. Many of the areas covered in depth elsewhere in this toolkit are also big factors in how your employees feel toward you and your business. For example, if you're able to offer good health and retirement benefits and opportunities for internal promotion—or if employees know you're working hard to try to offer those things. Some of the areas business owners should consider in the context of their employee engagement efforts include:

Benefits—providing employees with comprehensive benefits (health insurance, retirement accounts, discounts, meals, etc.) reduces potential physical and financial barriers to their ability to work, helping them to focus their efforts at work and therefore be more engaged.

Thoughtful Hiring—carefully selecting employees based on not just skillset, but also long-term fit with your company's culture, is key to creating a team of engaged workers.

Training and Internal Promotion—investing in employees early on by providing training in hard skills (such as IT) and soft skills (such as customer service), communicating the company's core values, and giving regular coaching and constructive feedback creates an environment where employees can grow over time and feel a sense of how their work each day contributes to the success of the whole company.

Operating with "Slack"—Your employees need to have time to problem solve and drive improvements. If they are always behind because of lack of staffing, continuous improvement and engagement are more difficult to foster.

Employee Ownership—[research suggests](#) that providing employees a means of ownership (via stock options, ESOPs, profit sharing, cooperative structure, and more) helps to increase productivity, retention, and workforce satisfaction.

Five Ways to Engage your Employees

1. CREATE A CULTURE OF MUTUAL RESPECT AND TRUST

When employees feel respected and trusted, they are [more loyal to their employer](#) and more invested in their work. When employees feel a sense of loyalty and respect, they're more likely to stay at your business long-term, have a dependable attendance record, provide high-quality customer service, and recruit their friends to join the company. Creating a culture built around these values can be especially important at a small business, and can save you a lot of headaches around common workforce challenges like absenteeism and turnover.

There are a variety of ways to create a culture of trust and respect at your company:

- **Enable an open dialogue between employees and management/ownership.** [Companies that report high levels of employee engagement](#) often allow employees to speak with management or the owner(s) whenever they want to. Providing an open opportunity for your employees to communicate challenges, ask questions, or seek advice from you or your managers demonstrates mutual respect. Creating this open culture around communication can also help you learn about and understand problems (as well as opportunities!) directly from front-line workers, and it makes employees feel supported by the business as a whole.
- **Encourage employee participation.** Most employees want to feel empowered to make decisions and have a degree of ownership in the work they do. Productivity and engagement increase when employees have a say in how they perform their role. Actively and regularly asking for employee input on ways to improve efficiency and [job design](#)—and making sure

that input is really heard—can go a long way in motivating and empowering employees.⁴⁵ You can also provide employees the chance to lead projects, take on responsibilities outside their primary role, or learn new skills with the support of you and the business. Fostering a culture of ownership at your organization [helps employees to feel depended on and valued](#). To learn more about how this can work in practice, check out Entrepreneur's [Build a Culture of Ownership at Your Company](#).

- **Recognize employee success.** According to a Gallup study, companies that do a good job when it comes to employee recognition [have 19% less turnover](#) than ones who don't. Below are a few simple ways you can provide recognition:
 - » **Focus on Progress.** [Studies show](#) that employees feel more motivation in their work when they know they're making some kind of progress—large or small. Helping your employees to understand how their work is valuable and contributing to the progress of a project or the growth of your business can make a large impact on employee happiness and engagement.
 - » **Shine a Light on Employees.** Employee recognition can be anything from on-the-spot acknowledgement of a job well done, a thank you in a team meeting, or a shout out in a group email. You can even ask your employees how they would want to be recognized for their contributions.
 - » **Celebrate as a Group.** Success can also be celebrated on a team or company-wide basis for reaching small or large milestones. These celebrations (such as discounts, meals, events, employee recognition programs, etc.) [help foster the philosophy that team success builds business success](#).
- **Establish a trusting, flexible work environment.** Create an environment in which employees feel that they're trusted to get the job done—ideally without having close supervision or stringent reporting on their work. Standardizing routine tasks, but empowering employees to solve customer problems and identify opportunities for improvement will build trust and engagement. Additional perks such as flexible working hours, paid leave, vacation, and the

opportunity to telecommute on occasion also help to reduce employee stress, decrease the frequency of absenteeism and tardiness, and communicate a culture of respect.⁴⁶

For more guidance on the importance and financial value of a strong company culture, check out:

- Entrepreneur’s [It Really Pays to Have a Rich Company Culture](#)
- Harvard Business Review’s [Don’t Let Your Company Culture Just Happen](#)
- Intuit’s [6 Ways To Build a Great Corporate Culture for Your Small Business](#)

CASE STUDY: ZINGERMAN’S

Zingerman’s began as a deli over 35 years ago and gradually grew into a number of related small businesses. Zingerman’s success relies on a combination of their [guiding principles](#), strong culture of communication, and customer service focus. Zingerman’s feels it’s critical that employees are empowered to do what it takes to serve their customers—whether it’s an employee’s second day, or second year at work. To help put this idea into practice, Zingerman’s developed [5 Steps to Effectively Handling a Customer Complaint](#), which provides a “recipe” for handling customer’s issues. This commitment to service is also emphasized within Zingerman’s through a culture of service leadership, wherein organization leaders are expected to provide the same great service to Zingerman employees as they are to customers, helping to reinforce great service day-in and day-out.

For additional information, check out [Enabling Better Individual Decisions: Zingerman’s](#).

2. IDENTIFY KEY SUCCESS METRICS—AND CONNECT THEM TO EMPLOYEES’ ROLES

Sharing the critical metrics necessary for the financial success of your business with employees helps to create broad-based involvement and a sense of ownership for employees.

- As a first step, it’s helpful to pinpoint the key numbers/metrics that are drivers of profitability at your organization if you don’t already have them figured out. Examples include annual sales, costs of production, and customer satisfaction ratings. [The Operational Performance section of The Good Jobs Scorecard](#) also provides helpful metrics from which you can pick and choose.
- After identifying those numbers, the next step is setting goals or targets for those figures—and sharing them with all staff.
 - » Depending on your business and staff, it may be helpful to educate employees on how to read balance sheets and income statements. [The Keys to Designing a Great Business Literacy Program](#) offers actionable tips for how to equip employees to be valuable participants in the process.
- Once workers understand the metrics you use, the targets you’re aiming for, and the key drivers of success, it’s important to regularly communicate progress toward the goals to everyone. Communicating these numbers with all staff in regular company meetings, email updates, or via a scoreboard in a widely visible location creates an environment of accountability and helps to provide targeted motivation toward specific goals.

The key to effective engagement around metrics is helping employees understand how their own individual roles and responsibilities impact these numbers. When employees can see how their day-to-day actions can influence the overall mission and business results, it creates a sense of motivation and meaning in the work. Better yet, business owners can give employees a stake in the outcome by providing incentives such as [bonuses for meeting specific targets](#) or profit-sharing opportunities.

One leadership approach that emphasizes this idea is **Open Book Management**. This framework is guided by three basic points:⁴⁷

- **Know and Teach the Rules.** Employees should be provided measures of the business' success and educated on how to understand those numbers.
- **Follow the Action and Keep Score.** Employees should follow progress on the key numbers and take action to improve performance as necessary.
- **Provide a Stake in the Outcome.** Employees should have a direct stake in the organization's success (e.g., equity, employee stock ownership, or profit sharing).

To learn more about how implementation of Open Book Management can look in practice at a business, read Entrepreneur's [Small Business Guide: What Owners Need to Know About Open-Book Management](#).

CASE STUDY: SRC ELECTRICAL

See how Open Book Management looks in practice:

- In [Know and Teach the Rules](#), SRC shares how they train employees to understand the key measures of business and general financial literacy.
- In [Follow the Action and Keeps Score](#), SRC's Director of Operations details how SRC engages employees in their "critical numbers"

3. ENABLE EMPLOYEES TO INNOVATE AND PARTICIPATE IN DECISION-MAKING

When employees are encouraged to innovate, they're more likely to enjoy their jobs and [feel loyal to their company](#). By providing a setting that encourages innovation and openness to your employees' ideas, you can help them to feel that they have an impact on how the business does.

Whether it's hosting brainstorming sessions or creating an ongoing open dialogue, you can create opportunities for innovation by openly sharing business challenges or new opportunities. [To support employees in offering valuable ideas](#), it's helpful to share your understanding

of business challenges, pinpoint root causes, discuss the constraints of current approaches, and clearly articulate the end goal.

Problems may be surfaced and solutions may be generated in many different ways. Daily huddles before a shift to review performance and discuss challenges may help. Another valuable tool is creating [an ideas system](#)—something many industries find helpful.

4. EMPHASIZE CORE VALUES

Communicating your business's unique core values to your employees early and often helps to encourage a culture where employees understand and embody the values. Core values can include a positive attitude, high-quality customer service, open communication—whatever works well for your business and your goals. If you're not sure where to start, check out The Muse's [five step guide to choosing core values](#).

Consider these ways of engaging employees in the core values of your business:

- **Start the messaging early.** When employees are on-boarded, you can communicate the importance of the values, and even have workers sign a mission and values statement.
- **Reinforce the values.** After onboarding, you can continue to reinforce these values in ongoing trainings, email communications, and visual signage. Inc. also offers [9 Ways to Reinforce and Live Your Company's Core Values Every Day](#).
- **Make it rewarding.** Many businesses have also had success [with employee recognition programs](#) where leadership or staff nominate employees on monthly, quarterly, or annual bases who demonstrate the business' core values. Winners then receive an incentive such as a bonus or an extra day of paid time off.

CASE STUDY: TASTY CATERING

Learn through [video](#) or [write-up](#) how Tasty Catering uses core values to drive decision making.

5. ENCOURAGE EMPLOYEE GROWTH

As described earlier in the toolkit, supporting your workers through training and professional development is critical to building a productive, engaged workforce. Tactics to help employees to grow vary by business, but here are a few ways to make employees feel like they're growing with the company:

- **Set clear goals and expectations.** It's key for you and your managers to set defined—and realistic—performance expectations for your employees. These goal-setting conversations are most effective during initial employee onboarding, during periodic performance reviews, and throughout the year as you see fit.
- **Help employees succeed.** As a business owner, it's helpful to understand what keeps your employees from being more engaged or successful than they already are, such as scheduling, childcare considerations, and transportation considerations, and remove (or lessen) obstacles where possible. In addition to reducing any obstacles that you can, supporting your employees through adequate training and development helps set them up for more productivity and for upward growth.
- **Map out how employees can advance in their careers.** Potential for employee advancement may vary depending on the size of your business. Regardless of size, however, there are many ways to support employee development. If possible, consider providing opportunities for employees to:
 - » Communicate with you regularly about their career goals during check-ins or reviews
 - » Engage with an expert in the field or participate in a formal mentorship program
 - » Take on increasing levels of responsibility—either in their role, or by periodically filling in for higher-level roles
 - » Work with and learn from staff in other parts of your business (e.g., different locations, different functions, different seniority levels)
 - » Teach other employees how to perform a specific task or responsibility
 - » Allow them to take on or participate in special projects

- » Provide feedback on managerial decisions
- » Pursue coursework and outside training programs with tuition reimbursement
- » Attend relevant industry events and conferences

- **Provide one-on-one time between employees and managers.** When owners or managers spend time with employees on a one-on-one basis, employees feel more engaged. If possible, regular check-ins between employees and managers can help to create an engaged and equitable work environment.
 - » Forbes' Secret To Effective One-On-One Meetings with Direct Reports is a helpful resource for managers, as is Harvard Business Review's How to Make Your One-on-Ones with Employees More Productive.

HELPFUL RESOURCES: EMPLOYEE ENGAGEMENT

While effective employee engagement tactics can vary business by business, it can be helpful to see what innovative tactics other companies use to engage their employees. Learn how:

- Tasty Catering uses games to create a sense of employee ownership and understanding of financial data
- New Belgium Brewing creates a high involvement workplace
- New Seasons Market provides great customer service by putting people first.

MEET WITH AN EXPERT OR GET ADVICE FROM A PEER.

If you'd like additional guidance, various public and nonprofit services can connect you to advisors with personal experience running a small business, including SBA Small Business Development Centers and Pacific Community Ventures' free BusinessAdvising.org platform. It connects small business owners like you from anywhere in the country with experienced pro bono business advisors who can offer ongoing advice on a range of issues, including HR, marketing, IT, operations, and other small business concerns. To find other services in your area, visit the SBA's "Local Assistance" page.

ENDNOTES

- ¹ Blumenthal, D. (2017, December 19). How the New U.S. Tax Plan Will Affect Health Care. Retrieved December 21, 2017, from <https://hbr.org/2017/12/how-the-new-u-s-tax-plan-will-affect-health-care>.
- ² See Figure 3, Percentage of businesses offering health benefits, 1999–2016. PeopleKeep, Inc. (2017). The Comprehensive Guide to the Small Business HRA (Comprehensive guide 20171018 V3.R1). Retrieved December 14, 2017, from: <https://www.zanebenefits.com/hubfs/The%20Comprehensive%20Guide%20to%20the%20Small%20Business%20HRA.pdf?t=1488493708251>.
- ³ See Table 3. Medical plans: Share of premiums paid by employer and employee for single coverage, March 2017—continued. Bureau of Labor Statistics (2017, July 21). *Employee Benefits in the United States—March 2017* [News Release]. Retrieved December 14, 2017, from <https://www.bls.gov/news.release/pdf/ebs2.pdf>.
- ⁴ See Table 8. Employer costs per hour worked for employee compensation and costs as a percent of total compensation: private industry workers, by establishment employment size, June 2017. Bureau of Labor Statistics (2017, September 08) *Employer Costs for Employee Compensation—June 2017* [News Release]. Retrieved December 14, 2017, from <https://www.bls.gov/news.release/pdf/ecec.pdf>.
- ⁵ eHealth (2016, December 07). Health Insurance Requirements for Small Businesses. Retrieved December 14, 2017, from <https://resources.ehealthinsurance.com/small-business/health-insurance-requirements-small-businesses>.
- ⁶ Rae, M., et al. (2014, October 27). Tax Subsidies for Private Health Insurance - I. Federal and State Tax Exclusions for ESI. Retrieved December 14, 2017, from <http://www.kff.org/report-section/tax-subsidies-for-private-health-insurance-i-federal-and-state-tax-exclusions-for-esi/>.
- ⁷ Wissman, L. (2016, December 09). How to Choose Between Individual Health Insurance and Group Coverage. Retrieved December 14, 2017, from <https://www.zanebenefits.com/blog/how-to-choose-between-individual-health-insurance-and-group-coverage>.
- ⁸ Total Administrative Services Corporation (TASC) (n.d.). Health Reimbursement Arrangement. Retrieved December 14, 2017, from <https://www.tasconline.com/biz-resource-center/plans/health-reimbursement-plan/>.
- ⁹ Marsh & McLennan Agency LLC (2015 January). Account Based Health Plans (ABHPs) Today, Benefit Advisor (Vol. 18, Issue 1). Retrieved December 14, 2017, from http://mcgrawhewentworth.com/wp-content/uploads/BA_Issue_V18_1.pdf.
- ¹⁰ Mandelbaum, R. (2016, July 25). Should Your Small Business Offer Health Insurance? Retrieved on December 14, 2017, from <http://time.com/money/4397586/small-business-health-insurance/>.
- ¹¹ These services are referenced as examples only. PCV does not endorse any specific product or company, and advises small business owners to research and compare services to find the best option for their needs.
- ¹² Fit Small Business (2017, May 5) Small Business Retirement Plans—The Ultimate Guide, from <https://fitsmallbusiness.com/small-business-retirement-plans/>.
- ¹³ Board of Governors of the Federal Reserve System (2016, May). Report on the Economic Well-Being of U.S. Households in 2015. Retrieved December 21, 2017, from <https://www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf>.
- ¹⁴ Price Waterhouse Cooper, LLP (2017, September). Special Report: Financial stress and the bottom line. Retrieved December 21, 2017, from <https://www.pwc.com/us/en/private-company-services/publications/assets/pwc-financial-stress-and-bottom-line.pdf>.
- ¹⁵ These services are referenced as examples only. PCV does not endorse any specific product or company, and advises small business owners to research and compare services to find the best option for their needs.
- ¹⁶ Freeman, M. (2017, February 21). The Worst Problem in the Retail Industry? Turnover. Retrieved December 15, 2017, from <https://blogs.cisco.com/retail/reducing-employee-turnover>.
- ¹⁷ Deloitte LLC and the Aspen Institute (2015). *A Guide to Upskilling America’s Frontline Workers: A Handbook for Employers*. Retrieved December 15, 2017 from http://www.upskillamerica.org/wp-content/uploads/2015/04/Upskilling_Employer_Handbook_042015.pdf.
- ¹⁸ Kwan, A. et al. (2011). *Talent Edge 2020: Building the recovery together—What talent expects and how leaders are responding*. Retrieved December 15, 2017 from https://dupress.deloitte.com/content/dam/dup-us-en/articles/talent-edge-2020-building-the-recovery-together/DUP99_TalentEdge2020_Building_Recovery_Together.pdf.
- ¹⁹ Deloitte LLC and the Aspen Institute (2015). *A Guide to Upskilling America’s Frontline Workers: A Handbook for Employers*. Retrieved December 15, 2017 from http://www.upskillamerica.org/wp-content/uploads/2015/04/Upskilling_Employer_Handbook_042015.pdf.
- ²⁰ Bauer, T. (2010). Onboarding New Employees: Maximizing Success. Retrieved December 15, 2017 from <https://www.shrm.org/foundation/ourwork/initiatives/resources-from-past-initiatives/Documents/Onboarding%20New%20Employees.pdf>.
- ²¹ Ellis, A.M., et al. (2017, June 20). Your New Hires Won’t Succeed

ENDNOTES

- Unless You Onboard Them Properly, *Harvard Business Review Digital Articles*. Retrieved December 15, 2017 from <https://hbr.org/2017/06/your-new-hires-wont-succeed-unless-you-onboard-them-properly>.
- ²² These services are referenced as examples only. PCV does not endorse any specific product or company, and advises small business owners to research and compare services to find the best option for their needs.
- ²³ Gilsdorf, K. and Hanleybrown, F. (2017). Entry-Level Employee Training, *Investing in Entry-Level Talent: Retention Strategies that Work*. Retrieved December 15, 2017 from <https://assets.aspeninstitute.org/content/uploads/2017/03/Investing-in-Entry-Level-Talent.pdf>.
- ²⁴ Harvard Business School Publishing (2016). *How Employee Alignment Boosts the Bottom Line*. Retrieved December 15, 2017 from https://hbr.org/resources/pdfs/comm/betterworks/19764_HBR_Reports_BetterWorks_May2016.pdf.
- ²⁵ See “A Note for Small and Medium-Sized Employers.” Deloitte LLC and the Aspen Institute (2015). *A Guide to Upskilling America’s Frontline Workers: A Handbook for Employers*. Retrieved December 15, 2017 from http://www.upskillamerica.org/wp-content/uploads/2015/04/Upskilling_Employer_Handbook_042015.pdf.
- ²⁶ See “Entry-Level Employee Training.” Gilsdorf, K. and Hanleybrown, F. (2017). *Entry-Level Employee Training, Investing in Entry-Level Talent: Retention Strategies that Work*. Retrieved December 15, 2017 from <https://assets.aspeninstitute.org/content/uploads/2017/03/Investing-in-Entry-Level-Talent.pdf>.
- ²⁷ These services are referenced as examples only. PCV does not endorse any specific product or company, and advises small business owners to research and compare services to find the best option for their needs.
- ²⁸ Williams, J. C., & Huang, P. (2011). Improving Work-Life Fit in Hourly Jobs: An Underutilized Cost-Cutting Strategy in a Globalized World. Retrieved from <http://www.worklifelaw.org/pubs/ImprovingWork-LifeFit.pdf>.
- ²⁹ Ben-Ishai, L. (2014, November 26). Job Schedules that Work for Businesses. Retrieved from <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Job-Schedules-that-Work-for-Businesses.pdf>.
- ³⁰ Ibid
- ³¹ Ibid
- ³² Golden, L. (2015, April 9). *Economic Policy Institute* (Rep. No. 349). Retrieved from <http://www.epi.org/publication/irregular-work-scheduling-and-its-consequences/>.
- ³³ Ibid
- ³⁴ Leck, J., & Matos, K. (2017, March). *Workflex in Retail, Service and Hospitality Guide* (Issue brief). Retrieved <http://www.whenworkworks.org/downloads/workflex-in-retail-service-hospitality-guide.pdf>.
- ³⁵ *Scheduling Away our Health: How Unpredictable Work Hours Affect Health and Well-being*. (2016, July). Retrieved http://www.humanimpact.org/wp-content/uploads/Scheduling-Away-Our-Health_rev3.pdf.
- ³⁶ Williams, J. C., & Huang, P. (2011). Improving Work-Life Fit in Hourly Jobs: An Underutilized Cost-Cutting Strategy in a Globalized World. Retrieved from <http://www.worklifelaw.org/pubs/ImprovingWork-LifeFit.pdf>.
- ³⁷ Ben-Ishai, L. (2014, November 26). Job Schedules that Work for Businesses. Retrieved from <https://www.clasp.org/sites/default/files/public/resources-and-publications/publication-1/Job-Schedules-that-Work-for-Businesses.pdf>.
- ³⁸ Williams, J. C., & Huang, P. (2011). Improving Work-Life Fit in Hourly Jobs: An Underutilized Cost-Cutting Strategy in a Globalized World. Retrieved from <http://www.worklifelaw.org/pubs/ImprovingWork-LifeFit.pdf>.
- ³⁹ Lambert, S., & Henley, J. (2010). What are the Hours? Retrieved December 14, 2017, from <http://ssa.uchicago.edu/what-are-hours>.
- ⁴⁰ Madlinger, G. (2017, September 5). Why You Should End On-Call Scheduling and What to Do Instead. Retrieved December 14, 2017, from <https://wheniwork.com/blog/on-call-scheduling/>.
- ⁴¹ Matos, K. (2017, March). *Workflex and Small Business Guide* (Issue brief). Retrieved <http://www.whenworkworks.org/downloads/workflex-and-small-business-guide.pdf>.
- ⁴² Center for Disease Control (2014, January 23). Estimates of Foodborne Illness in the United States. Retrieved December 14, 2017, from <https://www.cdc.gov/foodborneburden/attribution-1998-2008.html>.

ENDNOTES

⁴³ Nardone, S. (2017, April 17) Federally Mandated Paid Parental Leave in the US: Is the Wait Over? Retrieved December 14, 2017, from <https://www.law.com/njlawjournal/almID/1202783664721/?slreturn=20171114212658>.

⁴⁴ Broughton, A. (2011, September). Employees Matter: Maximizing Company Value Through Workforce Engagement. Retrieved from http://sjfventures.com/wp-content/uploads/2015/11/Employees_Matter_Complete_Report_PDF_9-11_Final_Copyright.pdf.

⁴⁵ Ibid

⁴⁶ Ibid

⁴⁷ Broughton, A. (n.d.). The Human Capital Advantage: A Curriculum For Early Stage Ventures. Retrieved from <http://www.broughton-consulting.com/the-human-capital-advantage-a-curriculum-for-early-stage-ventures/>.



1700 Broadway Suite 300, Oakland, CA 94612 • PH 415.442.4300
E-MAIL info@pcvmail.org • www.pacificcommunityventures.org