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Entrepreneurs consider staffing alternatives

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James Crichlow
Melissa Taketa, owner of Camp Bow Wow

Even though the current economy seems a little unsteady, and watching the stock market can cause motion sickness, small-business owners still must soldier on and carry out their business plans.

But during this bear market, owners really need to review those plans to determine when -- or even if -- they should add new employees to meet realistic growth projections.

"That would be the first thing," said Robert Myers, area program director with the University of North Florida Small Business Development Center. "Because of the bad economic situation, the layoffs and the firings that typically occur across the board tend to be at larger companies -- big businesses are the first to do that and it's not as typical with small and medium businesses. Small businesses still need people under whatever economic conditions. I still see clients looking for good people."

However, "the deeper the recession or the pain of the economic downturn, the more it will affect small businesses," Myers said.

Unemployment in the Jacksonville area actually dropped a bit to 4.4 percent in February, from 4.6 percent in January, according to the state Agency for Workforce Innovation.

Melissa Taketa, owner of the Jacksonville franchise of Camp Bow Wow, is one business owner who is not slowing down on hiring.

"It's actually up; that's the nature of a growing business," said Taketa, who has 15 part-time employees at her business, which offers doggie day care and overnight boarding services.

In fact, Taketa expects future growth. "In general, people are always going to try to maintain their vacation in spite of the economy," she said. "After working hard all year, they want a break, and because we do overnight boarding, there's always going to be a need for that. We're probably going to gear up a little more as summer vacation approaches and the holiday, Memorial Day. We're pretty full."

Not all companies are growing. Slower sales and less money coming in directly translates to adjustments in hiring plans, which means some companies are hiring fewer workers or none at all.

"I think that is the case," Myers said. "They're also concentrating on retaining those good employees, not necessarily with money, if the cash flow isn't there, but by giving them more benefits in the way of flex time and allowing them to work at home more, those kinds of things to show the employees that they're critical to and good for the small business."

Adding new employees directly affects cash flow. "It's a fixed cost per employee, and sales have to increase accordingly to cover that," said Cathy Hagan, area director at the Small Business Development Center. "More businesses are looking at how to get more out of the employees they have. It's a matter of being more efficient and productive so they can get away from hiring a new person."

Smaller businesses dependent on large companies that are cutting staff are starting to feel a slowdown, as are some businesses in industries hit by the housing, construction and credit bust.

"On the other hand, what we try to tell small-business owners is, if the big businesses are laying off or firing good people, this is a good time to hire them," Myers said.

Some companies are saving on new employee expenses by reducing salaries. The SurePayroll Small-Business Scorecard found that after 29 months of salary increases nationally, the small-business economy saw its first slight drop in the average salary in February. Additionally, the survey reports that 76 percent of small-business owners were not hiring new employees in February, 17 percent continued to hire and the remaining 7 percent were downsizing. There was also a slight increase -- 0.02 percent -- in the use of independent contractors rather than full-time workers.

"We're starting to get quite a few notices that some are downsizing, [while others are] doing a lot of things through attrition at this point, just not replacing individuals," said Bob McKenzie, president of McKenzieHR. "We recommend business owners ask people, 'Let's think about ways we can improve the business's bottom line.' You may even have to resort to partial days off, not paid. But ask for suggestions on cost-cutting. It's preserving their job."