

SelfInformed

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*NASE Member
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HR BEST PRACTICES for SMALL BUSINESS

Whether you're starting a new enterprise or taking over the family company, the challenges that face small business owners are the same: increase market share, diminish costs and risk, and fulfill your mission or vision. To achieve all these, micro business owners must wear many hats. Whether you planned to be an HR manager or not, you hold the HR responsibility. Entrepreneurs are learning they can not only manage these obligations, but use them to help grow their company.

You may be a stand-alone, but you're hardly alone: **99.9% of all firms** in the USA are small businesses: 75% of those self-employed. 28 million small businesses account for **55% of all American workers**. Non-profits alone account for more than **10% of the country's private-sector workforce**.

And the trend to self-ownership has no end in sight. **Sixty-seven percent** of millennials hope to start their own business: they're poised to change the workscape. By 2025, they'll make up 75% of the American workforce: today, one of every three employees a millennial.

HR AND SMALL BUSINESS

There are some best practices small business owners can follow to navigate the maze of HR responsibility while still keeping company business the first priority. The HR function is twofold: compliance and development. Compliance may seem like a maze of laws and regulations, but some basic tenets can guide you





QUICK REFERENCE GUIDE FOR INTERVIEWING JOB CANDIDATES

Interviews of potential employees are very important. Below are things to ask in an interview and things not to ask. Also below are things to verify after an interview when considering a candidate.

Ask questions about

- ✓ Employment history
- ✓ Job skills
- ✓ Computer skills
- ✓ Education
- ✓ References
- ✓ Eligibility to work in the United States
- ✓ Convictions related to performance of Job in question

Do not ask questions about

- ✗ Religion
- ✗ Marriage
- ✗ Height
- ✗ Weight
- ✗ Sexual orientation
- ✗ Family
- ✗ Disabilities
- ✗ Arrest record
- ✗ Political party affiliations

Information to verify after interview

- 🔍 Contact the references
- 🔍 Verify degrees or certifications
- 🔍 Contact previous employers
- 🔍 Do not ask about salary when contacting previous employers

through. Development focuses on bringing in the best talent you can afford and utilizing them to their fullest.

COMPLIANCE

If you're the sole employee of your company, you needn't worry about discrimination or harassment. But as soon as you add a staff member, you must comply with applicable laws.

To avoid these laws, some turn to a freelancer/independent contractor. The shift toward freelance employees is growing since they are not subject to payroll taxes or unemployment insurance and they rarely have access

to workers' compensation benefits or the right to sue for harassment or discrimination. Many companies utilize them, even at a higher hourly rate, to save **20 to 30% of annual salary** on benefits, payroll taxes, and employer contributions. But beware, the type of work dictates whether an IC is allowed under IRS regulations, not the type of paycheck you wish to provide.

INDEPENDENT CONTRACTOR VERSUS EMPLOYEE

The IRS stipulates the amount of "control" you hold over the employee dictates whether you can categorize them as an IC or a payroll employee.

Employees are:

- Given specific duties
- Given locations, work hours, and supervision
- Given tools or equipment
- Necessary for daily operations

Independent contractors:

- Work on their schedule
- Work without oversight
- Choose the work location
- Can have multiple clients

Still in doubt? The IRS has a **checklist** to determine the appropriate classification. Misclassification can be costly, so verify before you enter into an Independent Contractor agreement.

INTERVIEWING WELL

Whether it's an in-house or virtual staffer, a good fit in a small company is crucial. Working in close quarters with someone demands a good relationship. While countless websites offer interview guidelines and trick questions that "reveal all," interviewing isn't that complicated. Follow the 20/80 rule. Talk 20% of the time, listen 80%. Ask open-ended questions that require an "essay" answer, not yes/no responses. Ask candidates to tell you about their

past jobs: what they liked/disliked, and why they left. Ask about any tasks applicable to the work you need performed. If you hear something that sounds like a red flag – follow up. If you don't get a satisfactory answer, listen to your gut and be ready to move to the next candidate. The more you listen, the more information you'll get that can help you find the right fit. And always check references – remember the old adage: trust but verify.



shop around for the best pricing/ benefits package you can find – and ask for references and certifications.

DEVELOPMENT AND HR

While you're vying for success, trying to wear the hat of mentor and boss can be challenging. But developing staff is critical to your growth. Some HR 101 basics:

Job Descriptions

A current job description for each position takes you through every aspect of employment. Knowing exactly what work must be performed is essential to choose the best candidate. As you manage, evaluate, promote, or discipline, you can easily do so against the duties and expectations outlined on the job description.

A job description is about the work, not the worker: as you write it, outline only duties to be performed, along with any necessary skills, experience and/or educational requirements. An individual's traits or any information that suggests or excludes any type of person, like religion or gender, should never be part of the job description, nor part of any employment decision you make.

Tackling Trouble Spots

Deal with problem areas quickly and professionally. Ignoring problems is tacit approval: telling a staffer about an issue quickly, before it becomes grounds for dismissal, is not only fair, it's an opportunity to save an otherwise good employee. Don't want to be the "bad guy?" Most employees prefer to be warned, rather than lose their job over something that may have been easily corrected.

OUTSOURCING HR

As your business grows HR becomes more complex. Small businesses can spend up to **40% of their day** on HR – time away from growing your firm. Consider outsourcing some or all of the HR function: vendors are available for almost every aspect you might need – from recruiting to payroll, and more. In addition to getting back to business, there are a lot of good reasons to consider outsourcing.

Why Outsource HR

- 55% - control legal risk/improve compliance
- 44% - offer services the organization could not otherwise provide
- 42% - allow the company to focus on core business

Remember to verify references before you contract with any vendor.

THE BENEFITS CHALLENGE

When benefits become an issue, many small businesses hit a brick wall. Finding coverage for a small group can be cost-prohibitive. But not offering benefits may be keeping you from attracting the talent you need. Under the ACA, you might be mandated to offer coverage. Many small businesses look to PEOs for a solution.

PEOS AND YOUR BUSINESS

PEOs, or Professional Employer Organizations are often called co-employers. You pay a PEO to put your staff on their payroll to absorb your employees into a larger group for health and other benefits. PEOs manage tax payments, assure you hire legally, offer access to HR experts, and more. Fee structures vary, so

Create the Culture You Want

Lead by example. If you're motivated, professional, and courteous it's easy to require the same from staff: if you routinely lose your temper, it can be difficult to require others keep theirs. As the leader, you create the corporate culture and set the stage for the workplace you want.

Managing Millennials

The chances are you've got a millennial in your workforce today – and if not, you will soon. Capitalize on their talent and enthusiasm: millennials want their work integrated into their personal life. That desire can translate to higher engagement and higher productivity: great news for small business. **When millennials were asked what they want:**

- 79% want that boss to serve more as a coach or mentor
- 88% want work-life integration: a blending of their personal and professional life together

Millennials may ask for flexible hours or remote work, but there's value in

considering their request: flexibility means that millennials are “always on the job.” A **survey** found of 80% of millennials with a smartphone:

- 89% regularly check work email outside normal hours
- 37% *always* check work email outside normal hours

Having employees who are available to pitch when needed in is a big plus for a small business owner.

Being Social

Social media is quickly being integrated into HR. Many companies check out a candidate's profile before hiring – but beware: this practice could lead you to information you shouldn't have. You can unwittingly find a candidate has health issues, or information about their personal life that could lead to a charge of discrimination. If you must look, advise the candidate before you look at their public profile and never demand access to anything private.

If you're looking at how to utilize a millennial, their social media savvy

could be a significant strength to capitalize on. Social media may even be the new marketing department for many small businesses, as **user statistics detail:**

- 53% of users recommend companies and products on Twitter
- 64% of Twitter users and 51% of Facebook users are more likely to buy products of brands they follow online
- 50% of users made a purchase based on a social media recommendation

HUMAN RESOURCES AND YOUR SMALL BUSINESS

While Human Resource responsibilities are rarely a part of the small business owner's plan, they do go hand in hand. Finding, developing, and capitalizing on staff can help grow your small business and assure your success, as well as theirs.





Ask the Expert

Q: *I have started a small business selling weight loss supplements and I am considering adding little magnet signs to the side of my car. If I choose to do this will the full cost of my car now be considered advertising?*

A: Investing in your new business via advertising is certainly a good idea and the costs you incur will certainly be deductible. Unfortunately, the addition of the advertising sign to your vehicle will not change the character of the vehicle itself, nor will it change the deduction for the business use of that car. Perhaps the bigger concern is to make sure that you indeed maximize the deduction to which you are entitled.

You may already know that there are two methods for determining the business use of your car, the actual expense method and the standard mileage rate method. The first requires that you keep track of all costs incurred in maintaining that vehicle and then allocating those costs based on the business miles you drove

as a percentage of the total miles that you drove. The standard mileage rate simply takes the total business miles that you drove and applies a standard rate per mile provided by the IRS to arrive at the deduction.

The one common factor between the two methods is that you must keep track of the business miles that you drive. Most small business owners are less than diligent at keeping track of those miles and therefore, most likely understate the deduction. So in addition to the sign on your car, make sure that you keep track of all the miles you drive. You can buy a simple spiral notebook or journal that you keep on the passenger seat or you can utilize one of hundreds of smart phone apps and electronic solutions to help with the process. Regardless of which works best for you, make a commitment to keeping track of the miles that you drive. At the end



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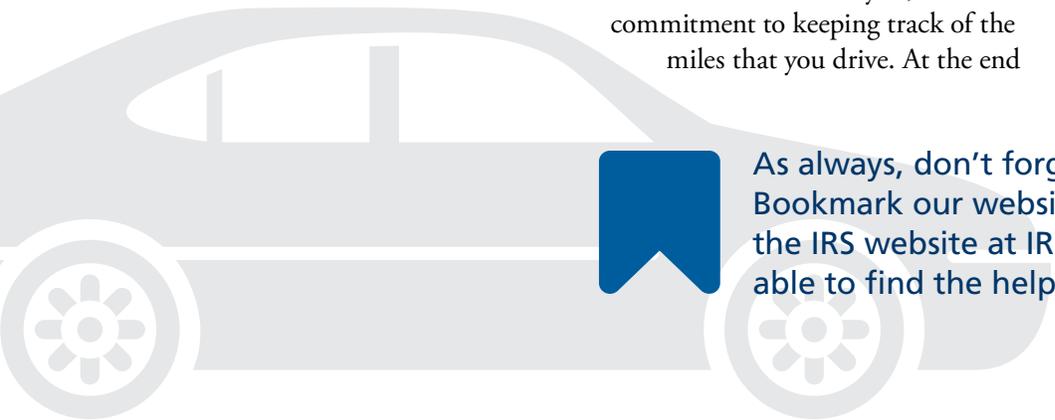
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of the year, you will be surprised at the number of miles you put on your car as a new small business owner.

The IRS has a great publication to help you with the detail called Publication 463, Travel, Entertainment, Gift, and Car Expenses that you can download for free from the IRS website at www.IRS.gov



As always, don't forget that you are not alone. Bookmark our website at **NASE.org** as well as the IRS website at IRS.gov and you will always be able to find the help you need.



Member Benefits

Visit www.NASE.org to learn more about the following benefits!



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Benefit Features:

When you become a **Legal Club** member, your business becomes a corporate member of Legal Club's Small Business Plan. The plan is designated for use by the business only.

Free Legal Services*

- ▶ Initial phone consultations during business hours for new legal matters.
- ▶ Attorney will review as many as 5 independent documents each quarter. These include

business documents, contracts, signed or unsigned, up to 10 pages each.

- ▶ Initial telephone calls made on behalf of your business if deemed appropriate by your plan attorney (two per month). Follow up calls are made at the guaranteed low hourly rate.
- ▶ Initial letters written on behalf of your business if deemed appropriate by your plan attorney. Three per month for new subjects; follow up letters are written at the guaranteed low hourly rate.
- ▶ Initial collection letters are limited to 10 per quarter. More than 10, and any follow up letters, are written at the guaranteed low hourly rate or at the contingency fee percentage, depending upon what you and your plan attorney decide.
- ▶ Face-to-face consultation for each new legal matter. Thirty minute time limit per subject matter. Time over the 30 minutes per subject will be at the guaranteed low hourly rate.
- ▶ Registered Agent for your business in the state in which you are incorporated as well as other states where you do business.

**In many states, attorney liability may require plan attorneys to obtain a retainer from the member prior to providing some of the free member benefits. Court costs, filing fees, administrative expenses and time charged for travel to and from any courts are additional.*

New!

Member Spotlight



Bookkeeping Self-Employment

*Teewa Akers is the owner of **The Bookkeepers Accounting Service MD** (Bookkeepers MD) located in Upper Marlboro, Maryland. The goal of Bookkeepers MD is to provide quality accounting services and increase financial literacy one client at a time. Teewa believes that financial literacy is extremely important for individuals and business owners alike, without a strong financial background, you may not be equipped to make major financial decisions. The Bookkeepers MD also specializes in working with small businesses to free up precious time for business owners to run their businesses instead of worrying about accounting and tax issues.*

“You have to build trust and that takes work. Yes, some consumers may hire you or retain your services based on a bio or article they have read, but most of my clients have come from word of mouth referrals and meeting me personally.”



When and why did you join the NASE?

I joined NASE in early 2016. I decided to join this organization because I was seeking a resource for entrepreneurs that was not industry specific. While industry specific organizations are great, I really enjoy meeting and interacting with entrepreneurs outside of my industry. The benefits are awesome as well!

What inspired you to enter the field you are in?

My inspiration to be an accountant stems back to my childhood. I have always had a love for mathematics and problem solving. I figured I would be a math teacher, but after taking my first accounting course in high school, I fell in love.

When and why did you start your business?

I founded the Bookkeepers MD in 2008 while pursuing my undergraduate studies at Howard University. In 2007/2008 when the financial crisis hit, I realized that many people made financial decisions without the proper information to fully evaluate their options. This was a HUGE problem; however I did not know what I could do to help. In college, we were highly encouraged to follow a specific career track that ended with working at a Big 4 accounting firm. I knew that there was a different path for me. Not only did I want to crunch numbers, but I also wanted to help educate others on how to better analyze and

manage their finances. This was the driving force behind me starting the Bookkeepers MD.

What challenges have you faced in your business?

Starting the business was one of my biggest challenges. With accounting and financial coaching being a trust based businesses, starting was not as simple as I had planned. You have to build trust and that takes work. Yes, some consumers may hire you or retain your services based on a bio or article they have read, but most of my clients have come from word of mouth referrals and meeting me personally. This is something that I had to learn. When I initially went into business, I was excited to get my first few clients. I tried everything. Everything included spending thousands on a coach and different marketing initiatives that yielded very little results. I took a huge loss and vowed that I would need to try a different approach. Being young and not knowing of any entrepreneurs or entrepreneurial resources, I was unable to ask for advice. Once I realized that I had to build the public's trust I worked hard and invested in items that allowed me to show my skills. This definitely helped me get my business off of the ground.

How do you market your business?

I currently market my business by taking advantage of my personal & professional networks, teaching classes, utilizing social media, and my business website. I have found that this combination has yielded the highest return and allows me to interact with the public. I rarely spend money on direct advertising or marketing.



Do you have any employees?

The Bookkeepers MD currently has a staff of three part time employees and one intern. This allows us to not only be efficient, but also continue to offer our clients the “personalized touch” that we pride ourselves in.

What's your schedule like, what's a typical day for you?

A typical day for me would look something like this:

- Arrive at office and prepare for morning one on ones or staff meeting
- Meet with staff
- Meet with clients, respond to emails and work on outstanding projects
- Take a short afternoon walk
- Review **social media** posts
- Teach accounting course (online or face to face depending on the day of the week)
- Workout
- Visit parents
- Brainstorm
- Go to sleep and do it all again

What's the best thing about being self-employed?

If I had to pick one benefit of being self-employed, it would have to be the flexibility. I have the *flexibility* when it comes to my schedule, but I also have flexibility when it comes to the direction I want the business to go in. As an employee, you may have input on certain decisions, but there is always someone else who makes the final decision.

What's the best compliment you've ever received from a client?

I had a customer tell me that the person they were dating asked them “How much do you love me?” and their response was, “I love you a lot, but I love my accountant more”.

What's the most important piece of advice you would give to someone starting their own business?

Wow, there are so many pieces of advice I would love to share. If I had to choose one bit of advice to share with new entrepreneurs, it would be: Stick to your contracts and agreements. Many entrepreneurs tend to deviate from their contracts and pricing to sign their initial clients. I am guilty of this myself. As an entrepreneur, you have to stand firm. If not, you may find yourself spending many hours working on projects and not being properly compensated.



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Republicans and Democrats Officially Nominate **TRUMP & CLINTON**

It is official, the Republican nominee for President is Donald J. Trump and the Democratic nominee for President is Secretary Hillary R. Clinton. The political parties met at their respective conventions in July to formally nominate their party's candidate.

Both conventions were not without a few hiccups, including accusations that Melania Trump lifted large parts of her speech from one delivered by First Lady Michelle Obama in 2008 and Democrats dealing with the massive fall out of the release of hacked emails proving that the Democratic National Committee actively worked against the Bernie Sanders campaign.

The conventions were also an opportunity for the recently announced Vice Presidential candidates to introduce themselves to America. Governor Mike Pence from Indiana was selected by Donald J. Trump and Senator Tim Kaine from Virginia was chosen by Secretary Clinton, both men have long public service resumes.

MISSED THE ACCEPTANCE SPEECHES? YOU CAN WATCH THEM HERE:

- ▶ [Donald J. Trump accepts the Republican nomination](#)
- ▶ [Secretary Clinton accepts the Democrat nomination](#)

TO LEARN MORE ABOUT THE CANDIDATES AND THEIR VISION FOR AMERICA, PLEASE VISIT THEIR RESPECTIVE CAMPAIGN WEBSITES:

- ▶ [Donald J. Trump for President](#)
- ▶ [Hillary Clinton 2016](#)