

Tennessee Small Business Development Center at Volunteer State Community College



A public service program of the Division of Continuing Education & Economic Development

April's Newsletter Topic:

7 Human Resource Management Tips during a Recession

There has probably been no more difficult task for the small business owner in these tough economic times, than to address human resources issues with their staff. Whether it is reduced benefits, reducing expenses, shorter hours, or even lay-offs, there are dozens of difficult decisions that the small business owner is forced to make and rarely are any of the decisions popular. In fact, most small business owners have opted for the ole ostrich strategy of burying their head in the sand until the recession has loosened its grip on the economy. Unfortunately, that may result in even tougher decisions being made for you, instead of you making them on your own terms. Below are seven tips to address these issues head on. They may not make you the most popular person in the world, but they may just allow you to save jobs and stay productive.

1. **Reduce** your added personnel costs. That is reducing or eliminating all those “perks” you have been taking out of the business. I remember watching a Seinfeld episode where Jerry's stereo is broken and Kramer has a plan to get a refund by destroying it and send it back to the manufacturer so that it looks as if it was damaged in the mail. Jerry is reluctant, but Kramer says it's just a write off for the business. When Jerry asks Kramer how it is a write-off, it becomes pretty clear that Kramer doesn't know what he is talking about. In most cases, neither do most small business owners, assuming that every dollar they spend is justifiable, and will naturally lower their tax burden dollar for dollar that they spend. With that being said, quit taking yourself out to lunch every day, quit taking business inventories home for personal use, and quit sifting extra money out of the business checking account here and there. It all adds up.
2. **Audit** your Workman's Compensation Insurance policy. Inappropriately classified employees could be costing your business extra premiums.
3. **Outsource** some of your business requirements. The use of Independent Contractors to perform a specific project may be less expensive than hiring a new employee. Note: make sure you understand IRS Guidelines on who is and who is not an Independent Contractor.

4. Develop a solid **communication plan** with employees. Rumors and fear kill employee morale, which may not be all that high anyway. Face problems and bad news head on.
5. Use this slow period for **training** and **re-training** personnel. Not all training has to be expensive and if you spend just a little time on it, you may be able to do most of it in-house. You can use your own materials, use online materials, or CD's, DVD's or books from the library. An educated and trained workforce is a more productive workforce.
6. I've addressed this before, but it is worth re-noting. High **employee productivity** is essential in poor economic times. You may need to look at your business and identify "that isn't in MY job description" attitudes and make adjustments. It often cuts across the grain with small business owners, but surviving with a few employees is better than failing with all employees.
7. **Lastly**, if layoffs are looming and you are searching for ways to avoid them, you may consider furloughs, shortened hours, reduced benefits, or even pay reductions. Again, none of these will make you popular, especially if you are making the strong employees sacrifice for poor performers, but if you have all strong performers, they may be more willing to accept these terms instead of layoffs.

April Small Business Workshops

Sign up for any of these workshops online at www.tsbdc.org.

How to Start a Small Business ★

Tuesday, April 14, 2009 4:00 PM to 6:00 PM – **Fee: Free**

This workshop provides basic information on starting a small business. It will also discuss services provided by the TSBDC. Reservations are required.

The Marketing Process for Small Businesses ★

Wednesday, April 22, 2009 2:00 PM to 5:00 PM - **Fee: \$20**

This workshop will cover the process that small businesses should use to market their business. The objectives of the workshop are as follows: *You will be able to apply the basic components of marketing. *You will define the target market for your small business/organization. *We will explore what works and what doesn't work in marketing small businesses. This workshop also includes a workbook. Reservations are required.

Blogging and Your Business ★

Thursday, April 30, 2009 3:00 PM to 5:00 PM - **Fee: Free**

Blogs aren't just for personal use anymore. More and more businesses and Fortune 500 companies are turning to blogging as a way to connect with their customers on a more personal level. Blogs can also help drive traffic to a company's official website and are easily indexed by search engines and that only scratches the surface of what a simple blog can do for your business. With this workshop, you'll learn everything you need to

know about what blogs are, what it takes to set up and maintain one, and perhaps most importantly how a blog can be leveraged to increase your business's customer base and improve consumer relations. Reservations are required.

The TSBDC also offers free and confidential one-on-one counseling for existing and start up small businesses. To register for go to www.tsbdc.org.

Other contact information - Phone (615) 230-4780 www.volstate.edu/tsbdc

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