

Hiring First Employee is Big Step

Hiring the first employee is a huge step for a small business.

“If your small business has reached the point where you need help because the assistance of family and friends no longer covers the gaps, you may have reached the point where you need bring paid staff on board,” says (insert name and title) of (insert county).

Once you have determined you want to hire employees, the next decision is determining the amount of help you need.

“Those decisions should be based on the type of help you need, how much or often you need that help, and the money you have available,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “Will the new employees be part time or full time, and will they be temporary or work year-round?”

No matter what type of employee you need, , you have steps to take and information you need to gather before you make that first hire. Here are some of those steps

- Get an employer identification number (EIN) from the Internal Revenue Service if the business does not already have one.
- Understand the rules and develop systems for keeping records and making deposits for federal and state income taxes, the Federal Insurance Contributions Act (FICA or Social Security) and Medicare.
- Know where and how to do employee eligibility verification (Form I-9).
- Understand your state’s new hire reporting program.
- Find out about the federal and state workers’ compensation requirements.
- Become aware of and follow guidelines on equal employment, sexual harassment, medical insurance coverage, and wage and hour laws, among others.
- See your accountant and attorney for specific guidance.

Muske says small-business owners also should do the following before making that first hire:

- Develop a clear understanding of what the job will mean in terms of skills, abilities, hours of work and ability to travel.
- Develop a recruiting program. Determine who might have the skills and abilities you need, where you can find those people and how to attract them. Do not just fill a spot with a warm body. As part of this process, know the areas where you can train someone and in what areas you can’t. For example, work attitude is a difficult area in which to make adjustments.
- Put together your salary and benefits packages. Be prepared to discuss opportunities for growth and policies such as vacation and work hours. Also be prepared for questions from prospective employees about local quality of life issues and job opportunities for a spouse or partner.
- When interviewing, ask questions that are job-related but give you a sense of how the person may perform in the job you have. Remember, the questions must be job-related.
- Do reference checks.

- Consider additional screening or testing before making an offer of employment.
- Once you hire someone, be specific about his or her initial job duties (these can change), be prepared to train and let the person mature into the job. Stay in contact by giving the employee constant feedback.

“Like so many other decisions, hiring employees can give the company a boost or become an anchor and slow you down or even cause your company to fail,” Muske says. “These first hires are not something you should delegate. Remember that it is not only what you see on paper but how you see this person fitting into your company.”

For more help on these issues, check with your local Extension Service office at [insert phone number and email address]. Also visit NDSU’s small-business support website at www.ag.ndsu.edu/smallbusiness and sign up for the monthly newsletter. More information can be found on Facebook at www.facebook.com/NDSUextsmallbiz and Twitter at @gmuske. Another resource is www.eXtension.org/entrepreneurship.

Additional good resources are other business owners and your local chamber of commerce. You also can contact the Small Business Administration and its related organizations, such as the Small Business Development Centers and Service Corps of Retired Executives, for more information. State and federal agencies are ready to help in this area as well.

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For more information, contact glenn.muske@ndsu.edu or call (701) 328-9718. You also can visit our website, www.ag.ndsu.edu/smallbusiness.