

CHAPTER SIX



*Taking on Employees
and Building Your Team*

“Taking people on might seem risky, but by recruiting well and at the right time, new employees will build your business for you.”



According to the Federation of Small Businesses (FSB) there were 5.7m businesses trading in the UK during 2017, a whopping 2.2m increase on the year 2000. The vast majority – some 99.3% – of these were small, and while small and medium businesses accounted for about 60% of total private sector employment, 4.3m businesses employed no one apart from the owners.

It means that more than three quarters of all the businesses in the UK are one-person affairs, either sole traders or limited companies with just a single person doing the work.

At the time of writing, 1.42m UK adults are unemployed, according to the Office for National Statistics. Using a bit of simple maths, if a third of sole traders took on a single member of staff they could eradicate unemployment entirely.

"A key element in growing our business so quickly is offering people a probationary period of employment. If we have the wrong person in a particular role then it can affect the whole business negatively. As owners we have to be pretty ruthless and let people go if they are not going to be an asset to the business. A weak link in the chain is not good for the team."



– Alan Gough, Warmglow Home Improvements Ltd

The rise of self-employment has been driven by better technology, the price of which has fallen dramatically since the dotcom era of the late 1990s and early 2000s. The government's work to remove red tape and encourage business has contributed, as has the higher public profile of entrepreneurs thanks to successful TV shows like *Dragons' Den* and *The Apprentice*.

This 'perfect storm' of positive factors helped to create a wave of start-ups which the government hoped would gradually transform

into the big international businesses of the future. It has worked to a degree but, as the stats show, there is still a reluctance among the overwhelming majority of business owners to build up by recruiting top talent.

Taking people on is a risk and a financial outlay that can feel like a major leap, but by recruiting well and at the right time, new employees will build your business for you.



“Taking on employees is tricky. Finding the right candidate can be hard work and you may employ a few on a short-term basis before finding one who is right for you and the company. Always give them a probationary period, that way you get a chance to see how they work and make sure they are the sort of worker you need before committing to taking them full-time.”

– **Matt Merry, Matt Merry Roofing**

This chapter looks at the pros and cons of growing beyond sole trader status and how to reduce the risk of taking on new employees, while magnifying the many potential rewards of bringing new skills and approaches into your venture. It also covers managing a team, keeping people motivated and what, if any, alternatives there are to recruitment when it comes to growing a business.

SHOULD YOU TAKE ON STAFF?

Should you take on staff? Clearly, the answer to this question will depend on your unique circumstances, your goals and plans for the future. The small business figures from the FSB and Office for National Statistics suggest that a large number of sole traders are content with the flexibility and freedom that working for yourself brings.

Being a sole trader means there's no boss breathing down your neck and no one for whom you are responsible, so you



can get on with the projects unrestricted by HR or management-related headaches.

A drawback of hiring your first member of staff is that, from the moment they sign on the dotted line, you have to shift at least some of your focus from fee-earning work to managing and taking care of your new employee or employees.

A huge benefit, however, is that each individual you add will bring new talents and experience. As your headcount grows so does your creativity, problem-solving capabilities and skillset. It's not just about raw people power – a team is usually greater than the sum of its parts.

"Spend time thinking about what you need and take into account personality as well as skills. We've had some very talented people over the years who weren't team players. We've also had some less-qualified people that have turned into star employees because they're willing to learn."



– Adam Allsop, *The Shutter Studio Ltd*

If you created a sales strategy like the example outlined in chapter 4, you should have a very precise direction for your business as well as a clear idea of how you will achieve its goals. This, hopefully, will also tell you whether headcount needs to grow.

If you haven't created a strategy, don't fret, you can quickly weigh up the pros and cons of taking people on. Here's a quick (and by no means exhaustive) list of both; you might like to add your own based on your situation:

Pros

- Employees bring new skills and ideas to the table.
- You can complete jobs faster, potentially increasing revenue.
- With staff it is possible to tackle more than one project simultaneously.

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- Staff can provide good company and their development can provide you with a valuable legacy.
- As employees learn, they will be able to contribute more, delivering increased returns.
- Employees are essential to building a big business.

Cons

- The new salary will hit your bottom line.
- You have to allocate time to management considerations – so, more paperwork.
- It might mean spending money on equipment, uniforms and training.
- A poor hiring decision could cost your business.
- Personality clashes can lead to lower productivity.
- Recruits might see you as a stepping stone to ‘something bigger’.

The good news is that many of the cons can be ironed out with a grown-up approach to recruitment. A thorough, open-minded strategy based on the business’s key requirements will vastly increase the chances of securing employees that make a big net contribution.

“It’s important to employ people. I used to have business meetings with David Cameron and George Osborne at Number 10. They were very keen on boosting the economy and for entrepreneurs to help themselves by employing people.

“It doesn’t matter how many – one, two or three – you have to start somewhere. The more people you employ, the better your chances of becoming a successful business, because you have more good people around you. You can start with an apprentice or a part-timer. There’s no way I could have a business like I have today without help from others, it’s just an impossibility.”

– **Charlie Mullins, Pimlico Plumbers**

THE JOB DESCRIPTION

If you decide to go for it and take on a member of staff, your first action should be to create a job description. This will cover all the areas of your business that require additional labour – and it should provide scope to grow as the business does.

It's useful to write the description down, not just to crystallise the details in your mind, but also to form the backbone of the job specification that you will be sending out to potential candidates.



The job description should define the position clearly, without stretching it out into an endless list of responsibilities. Set a rate of pay, not too much, not too little but enough to attract and retain an employee with the skillset you require.

Consider, too, whether any special qualifications are required. Should they have a certain level of driving licence, a certificate to use a piece of specialist equipment or a higher-level trade qualification? Try to cover these in your initial thought process so you can target people accurately.

"We employ a labourer and a couple of regular subcontractors. We also use agency staff. Generally, when I find a pleasant guy who can complete the job well, I tend to keep their details. I am also always on site, so if we use agency staff, I can normally give a less competent decorator a job to do. This is probably the biggest advantage of me being on site, as I am able to place workers according to their ability."



– Chris Jones, LSW Decorating Ltd

Once your general description is finished, you're ready to write a job advertisement. A job ad should basically be a highlights package of

your general job description; it should be snappy, inviting and aim to attract the right sort of attention.

When writing the advert it's important to remember some golden rules:

- People reading the ad will be hearing about your company and the vacancy for the first time, so make all the information simple and clear.
- Remember to state not just what the job involves, but also the calibre of desired candidates. In other words, explain what experience, qualifications and soft skills they should bring to the table.
- Ask them to include details of activities outside work in applications. This gives useful information about character traits and social skills.
- Consider how many people you want to respond to a job ad. One tactic is to play down the skill level and attract a wider haul of candidates. Another is to be more exacting, which risks an underwhelming response in terms of numbers but the calibre could be higher.
- Include essential information like the business address, contact number, deadline for applications, brand elements that convey the personality of the business and details of how to reply.
- Make your ad stand out. A striking, sparing design will help draw eyeballs to your job vacancy if it is competing with lots of others – for example, if it's positioned in a trade publication.

A job advert is a form of marketing and you have options as to where you should publish it. Local publications and websites might provide the best return, but you could also place adverts – with permission – in local colleges. This latter option is particularly useful if you plan to take on an apprentice; more on that later in this chapter.


RECRUITING FOR THE FIRST TIME AND THE LAW

As well as the strategic approach to hiring your first employee, there are a series of legal obligations enshrined in UK law. According to Gov.uk, there are seven vital steps to hiring within the law:

1. Decide how much you are prepared to pay, noting that this figure can't fall below the National Minimum Wage (which varies depending on a person's age). Many companies sign up to the more generous 'living wage', which is calculated to equal basic monthly expenditure.
2. Check your candidates' legal right to work in the UK. Hiring illegal immigrants is against the law – regardless of whether you treat them well – and your business could be prosecuted if it breaks this rule.
3. Investigate whether your recruits have a criminal record and run a DBS check (formerly known as a CRB check), particularly if your work brings you into contact with children, vulnerable adults or security installations.
4. Get insured. It's likely you already have insurance to cover your work, customers and members of the public, but you need employers' liability insurance as soon as you take someone on as an employee.
5. Put the terms of employment in writing and send a copy to your new recruit to sign. If you're employing someone on a permanent basis (for one month or more) then you must provide them with a written job description that you both agree on.
6. Register as an employer with HM Revenue and Customs (HMRC). You'll need to declare your new status up to four weeks before you write your first paycheck.

7. Work out whether you have to provide a basic workplace pension under the government's auto-enrolment scheme. Most employers are now covered by this legislation, so it's likely you will have to sign up.

HIRING AN APPRENTICE



"Joining Checktrade has boosted my business and has now enabled me to take on my first employee, an apprentice school leaver. In September they will be going on a college apprenticeship for floor and wall tiling.

"This is an extremely exciting time for me and my new apprentice. Taking on my first employee is a big step, but if all goes to plan then in two years I'll do the same again!"

– Simon Pitham, SEP Tiling Ltd

For hundreds of years, young people have kick-started their careers with an apprenticeship. The combination of on-the-job learning and professional development is a win-win and is the secret of apprenticeships' enduring appeal.

Modern apprenticeships are more structured than the informal working relationships of yesterday, but the essential exchange of knowledge and labour remains the same. Today, it's a great way to make your first steps as an employer and to develop an employee with your vision for business.

Apprenticeships are a key pillar of the government's strategy for employment, which means there's plenty of help to get you started. If you're based in England, for example, you can apply for public funding to reimburse some of the costs of training your apprentice.

"We took an apprentice so we could train them the way we want them to work. We could teach customer service skills, how to be professional and leave a lasting impression so that customers use us again. We invested time, effort and money into our first apprentice just over a year ago and we are now reaping the rewards.

"We have an employee who works the way we want and is happy and willing. We have taken a couple of contracts on, knowing we have the time to be able to cover the work with additional employees. The next move is to recruit someone else!"



– Jordan Williams, JR Williams Plumbing Services Ltd

SUCCESS STORIES |||||

Name: Jordan Williams

Business name: JR Williams Plumbing Services

Type of business: Plumbing and heating

Number of employees: 3

How did you get started in your trade?

"I was working as a steel-pipe fitter in pressurised-cylinder refurbishment. It was physical, which I enjoyed, but incredibly boring so I decided to look elsewhere. I applied for a trainee plumber position thinking I had no chance. I then spent a few years at college to learn the trade."

Has the business changed since you started?

"More and more people are going online or getting word-of-mouth recommendations. Online reviews and a digital presence is one of the most important things now. Replying to reviews is essential. No matter how big you grow, each customer wants to feel special. You need to make them feel unique."

Describe your typical customer and project.

“That’s what I love about this job: there isn’t one. Some customers want a supply only, so they know exactly what the labour costs are; some want guidance and some want to not get involved at all.

“Gas work is usually the area where I have to advise and guide the customer but we are seeing more and more on the bathroom side of things. Being a plumber is no longer enough – customers don’t want to have to bring several tradespeople in, they want one who sorts the whole project.”

What do you enjoy about your career?

“When a customer pays me with a smile on their face, I know I did that. When a customer can turn the water back on, have heating again or finally have the power shower they always wanted, it’s because I did it. The gratitude some customers give you, when they can’t thank you enough, makes all the horrible jobs forgettable.”

What’s the hardest thing about it, or the biggest challenge you face?

“Rogue tradesmen and VAT registration. We pride ourselves on being Chartered, Gas Safe, WIAPS-approved along with several other accreditations. These cost money which needs to be recovered somewhere. The customer is at ease, knowing that you are reputable – but of course it comes at a cost. Most don’t mind the slight increase. However, you will lose a few jobs because the unlicensed guy down the road will do it a bit cheaper.”



What are your plans for the future?

“To aim bigger. We have learnt several valuable lessons along the way. We’ve had contracts we had to terminate due to other poor performing companies and our aim is to get involved with bigger, more reputable companies. Also, we want to educate the public through our advertising and social media platforms that paying a little more for the right tradesman means you don’t have to pay again.”

What’s your best tip for other tradespeople in your sector?

“If you’re a tradesperson, you already have the ability to do your job well. That aside, customers need to be kept informed; communicate with them and be open and honest. It’s not about your qualifications, it’s about you as a person.

“Some of our customers have told us that we got the job because of our approach, not our price. Show them respect – it’s their home. Give them informed choices and, above all, keep them updated with dates, times and costs!”

There are also some rules covering apprentices that in many ways go beyond normal employment rules. These are mainly there to protect young people and ensure they see the benefits of learning and development. So, apprentices must:

- be at least 16 years old
- learn work skills
- mix with experienced staff and not just do menial work
- study at college or a training centre during the working week
- receive at least the minimum wage for their age group.


Apprenticeships can be given to new recruits or existing staff and they can last anywhere between one and five years, depending on the

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level and type of qualification that your recruit is going for. You'll need to pick a framework or standard for an apprenticeship, choose a training organisation, check funding offers and, once you have found your apprentice, create an apprenticeship agreement and commitment statement.

Working with an apprenticeship service makes these steps easier – and if necessary they will help advertise the position and connect you with potential candidates. For more details, contact the National Apprenticeship Service.

"I knew we couldn't employ a qualified plumber so decided to build slowly and took an apprentice. We took the financial hit of his wages from our profit line, but you have to sacrifice things to enable yourself to grow.



"The reason we decided to do this was because I was receiving around ten calls a week for the small jobs but I had to turn them all down due to me fitting a bathroom or heating system. We now have two vehicles so when we are on large jobs I can send my employee to do the smaller jobs. This gets us in the door of a lot of properties and we have a high conversion rate of small jobs to bigger jobs within the same properties.

"We pay above the national living wage and regularly buy lunch, coffee and allow him to keep scrap and tips as we believe happy staff are productive staff. We are now putting things in place to take someone else on – this time, probably qualified."

– Jordan Williams, JR Williams Plumbing Services Ltd

The Enterprise Trust

Founded by Richard Harpin in 2011 and run by Helen Booth, the Enterprise Trust is a charity focused on supporting young people to achieve more than they ever thought possible. Richard was 15 years old when he started his first business and has a passion for inspiring young people to set up and run their own business.

Richard has committed £1m a year of his personal income to the Enterprise Trust over the next eight years to support young people across the country to become entrepreneurs and to create a legacy of independent wealth generators.

The charity funds programmes that support young people to come up with an enterprising idea, improve their entrepreneurial skills and become their own boss. Already, within the first year of operation, there is evidence of individuals attending the workshops and gaining the confidence to create business plans and start their own businesses. The first step can even be a ‘side hustle’ outside of studies or work that leads to a prosperous future.

Developing the right skills is critical and the Enterprise Trust works in partnership with leading national apprenticeship providers to encourage more young people to complete an apprenticeship in the trade sector. A good apprentice will be a valuable asset to any business and the charity is committed to encouraging employers to take on an apprentice to reap these benefits.

The Enterprise Trust has also sponsored the author of this book, producing good quality advice and guidance for individuals who have the passion and drive to grow their own business and go for it!

BUILDING AND MANAGING A TEAM

It’s one thing to recruit a bunch of people, it’s another to build a team.

A team is a group of individuals who work together to get a project finished, helping, encouraging and leading each other as they go. Creating a bond and a spirit of community is important: it makes people come to work because they want to, not because they have to. This adds up to a higher standard of work and more happy customers.

It’s not an easy job to create a workforce that is enthused, engaged and eager to get the job done. A positive company culture takes a series of steps to get going, followed by constant revisiting – and if necessary tinkering – to keep people operating at their full potential.

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The first steps to creating a team were talked about earlier: step one is hiring great people who are a solid fit for your business (covered earlier in this chapter). Step two is involving them in the development of your vision and strategy (see chapter 4); teams are more engaged if they understand the why as well as the what, where and when.



"I employed women for two years, but I struggled to pay the bills. One cannot pay low wages for a strenuous job and again cannot increase the daily rate to an unreasonable amount. Unfortunately, I had to stop this support. All the women supported the image of my company, they worked hard and respected learning how to do things my way."

– Jane Pennock, Us Girls Decorating Ltd

Further elements in developing a winning team include strong leadership, communication, training, delegating, instilling values and fast and effective conflict resolution. Let's address each in turn:

Leadership

The best leaders build relationships through trust and respect, which in turn breeds loyalty. A healthy respect for the boss is a good thing, but not if it tips over into fear and resentment. So, it's important to curb your temper, even when things go wrong, and be constructive with people.

It'll help if you have a clear and simple idea of the business's values and goals, which you can mentally refer back to each time you need to provide some direction. It's hard to offer guidance if you aren't completely sure yourself, so set your standards and be prepared to share them.

Ground rules could be as simple as ensuring people turn up on time, or dress appropriately, or behave well. These simple directives give your team an identity that will increase their sense of pride and help to distinguish your business from the competition.

Communication

Communication is one of the most important factors in creating successful businesses. People should want to listen, and when they do they should receive regular messages that are practical and easy to understand.

The bigger your workforce, the simpler the message has to be. No one should be left confused, so clarify points, particularly if you need people to act on them quickly and decisively. Be prepared to hear ideas and don't try to be the sole creative force behind the business. Popular leaders are great communicators, but they are also good listeners.



So encourage discussion, because it could lead to ideas that generate new revenue, shave away costs or improve customer satisfaction. If you reassure your team that there's no such thing as a stupid idea, you'll be rewarded with a lot of good ones.

That doesn't mean arranging lots of meetings, just being open to suggestions. Ask for views, give them your attention and respond constructively whether you think ideas are good or bad.

Training

People don't just do a job for the money, they also want to learn skills and become better at what they do. Even motivated workers can become jaded over time if they don't feel they are making progress or learning anything new.

This is where training comes in. By offering semi-regular opportunities to learn new skills, you'll maintain higher levels of staff engagement, loyalty and morale. Of course, there are always opportunities to learn on the job, particularly for younger workers,

but the prospect of professional accreditations and qualifications are a real perk for new recruits and long-term employees alike.

Delegating

Delegating is one of the hardest aspects of growing a business, but it's also a great way to grow and motivate your team. Granted, it feels strange to give someone else decision-making responsibility when you have worked so hard to build the venture according to your own values.

But in a successful business it quickly becomes impossible to manage everything and you'll need to cede power to others. The good news is that this is a great morale boost for your senior team. Showing that you trust them is a real motivator and in most cases they will repay you with carefully considered decisions.

Instilling values

They say that company culture starts at the top, so use your (well-rehearsed) standards to set the tone. Encourage staff to cooperate on projects and challenge them to follow your lead. A great team is not just about your relationship with staff, but also their relationships with each other, so encourage trust and respect in all directions.

Conflict resolution

Note that managing people is a two-way street and it's not just about what you think or how you feel, but the thoughts and feelings of team members. Emotional intelligence is an asset in business, regardless of your industry, so be on the lookout for warning signs in people's moods and intervene positively if things start to sour.

Remember also that minor disputes will erupt naturally from time to time and that your role should be as a mediator and problem-solver. Deal with mole hills before they become mountains and don't get bogged down taking sides in the nitty-gritty of the dispute – to do so is a waste of time.

OUTSOURCING

There are many benefits to recruiting staff and building teams, but the downsides of cost, time and energy are too much for some business owners. If this applies to you then an alternative way to grow your business is through outsourcing.

Specialist companies in areas from marketing and finance to admin and secretarial services are available to take on the non-core work you don't have time for. On top of this, many small businesses subcontract work to other companies operating in the same industry. This is often the case with smaller jobs where the original company pays the subcontractor for work delivered while taking a finder's fee for themselves.

Outsourcing is a flexible way to take on more projects and can be a useful stopgap while you start to recruit a team. The downside is you must put your trust in a team you have little control over; the quality of their work and the way they approach the job will reflect on your business, whether it's good or bad.

"Having previously employed fitters and very nearly losing everything over it, we reverted back to having all our fitters subcontracted. We have found good ways to find and retain fitters, but finding management staff, which we have a current need for, is definitely an ongoing struggle.

"The move from one-man band to a larger company is hard, and finding my number two, short of the invention of cloning, is something that still eludes me!"



– Chris Fairbairn, Cribbit Installations Ltd

