



## Small Business Builder: Treating Employees Right

### It Won't Pay to Pull the Rug Out from Under Your Employees

By [Mary Campbell](#)

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Tell the truth. Were you secretly pleased when the recession gave you an excuse to stop playing nicey-nicey with your employees?

All those perks and benefits — fitness classes, tuition reimbursement, mental-health insurance, and the like — were a real nuisance, weren't they? You never really bought in to the concept — right? — so when sales fell and costs rose, you didn't feel too bad about trashing all those extras ... maybe even canning a few employees.

Did you resume making autocratic pronouncements, banning personal phone calls, and saying things like "my way or the highway"? Doesn't it give you at least a small amount of satisfaction to see the look of fear in your minions' eyes when companies in your industry announce more layoffs?

Not!

Not you, anyway. After all, you're reading this column. People who seek business advice tend to be genuinely interested in their employees' well-being and their companies' long-term health & and the two go hand in hand, good managers realize.

Good managers have always handled their "intellectual capital" with kid gloves. The red carpet rolled out when unemployment was at 4 percent might not be as long or as wide, but good managers haven't torn it up and thrown it away.

Good employers have always managed for the long haul. Many planned ahead and have been able to forgo layoffs and retain benefits. They find creative ways to do so, even though the fierce competition for good workers has eased & for the time being.

Not that it's been easy. Rising insurance costs — which tend to hit small businesses harder than they do large companies — are just one of the reasons employers are strapped these days. For example:

Commercial property and casualty insurance premiums in the U.S. are skyrocketing. In part because insurers were hit with \$50 billion in Sept. 11-related claims, the average monthly premium rose more than 30 percent in February and March, according to the Texas-based firm MarketScout.

Almost 5,000 Colorado companies (averaging 20 employees each) eliminated health insurance coverage during 2001, after steady premium increases over the last five years of 20 to 100 percent, the Colorado Division of Insurance reported in late April. Many small companies that have retained employee coverage have done so by raising employee premiums and deductibles.

Employees understand problems such as rising health-insurance premiums and business slowdowns, as long as they're kept in the loop. Workers whose benefits are cut don't blame their employers & as long as employers clearly explain the company's financial position and tie reinstatement of benefits to

specific improvement measures. If management is forced to cut benefits or cut jobs, employees gladly opt for temporary cuts & especially if the company has been forthright and if employees see managers making sacrifices as well.

#### Just Rewards

The my-way-or-the-highway folks will get their comeuppance.

Though the economic recovery is gradual, and though the unemployment rate might reach 6.5 percent this summer before it starts to drop, most experts believe the labor market is going to get a lot tighter. Companies that have held on to their talented employees will be spared the expense of screening, hiring, and training new people as business picks up. (Many companies might find it more cost-effective to pay re-employment bonuses to former workers than to hire new workers.)

Economists look for a return to 4 percent unemployment. Labor shortages will reappear, exacerbated by baby-boomer retirements. As jobs open up, companies that have failed to nurture their employees through tough times will see high turnover. Good managers in healthy companies with well-informed, well-balanced employees will reap the rewards of their enlightened policies.

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An editor since the age of 6, when she returned a love letter with corrections marked in red, Mary Campbell founded Zero Gravity in 1984 to provide writing, editing, marketing and other services to small businesses. Her presentations and workshops address small-business topics from Web sites to business writing. An editor of and contributor to dozens of publications (books, journals and newsletters), she is co-author □ with her sister, Pippi Campbell Peterson □ of the second edition of *Ready, Set, Organize! A Workbook for the Organizationally Challenged* (JIST Publishing, 2001). Please e-mail her your comments, questions and suggestions at [smallbiz@zgravity.biz](mailto:smallbiz@zgravity.biz). Small Business Builder is published every other Wednesday.

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