

Growing pains

Where to turn when your small business grows

Growth is a natural part of life – and that includes the life of a successful business. As a business grows, its needs change, and sometimes that change calls for expertise. One way to know if you need some outside help is if you have more activity than you can really manage in your head; another would be if you are spending more time on management and book-keeping tasks than on developing and continuing to grow the business. From staffing and human resources to accounting and information technology, help is at hand.

HUMAN RESOURCES

An almost necessary step when business grows is to add more staff. But where do you begin? Should you use a temporary placement agency or do it yourself? Hans Schultz, professional services



Hans Schultz

division manager for Landmark, says for many entrepreneurs, hiring may not be their strong suit.

“Running their business is their strong suit, so they

turn to an employment agency for what they do best, and that’s hiring people,” Schultz says. “We hire people with proven skills and abilities. It is more than just matching job requirements with a resume. We validate work experience through references,



assessments and a personal, one-on-one interview. Additional factors are taken into consideration, such as interpersonal skills and communication skills. Finally, we ask the question: ‘Will this person be successful in this work environment?’”

The other advantage of using an employment agency is that a business

can have appropriate levels of staffing as business demands increase.

“They have access to excellent outside resources, which allows for an easier and quicker transition as their business grows,” Schultz adds. “So as the business expands, employees join their workforce; as it contracts, those employees move

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on to other opportunities with other companies.”

Unfortunately, small businesses don’t always have a lot of discretionary money to spend, especially to hire people. Therefore, they don’t always understand the real value in having a temp agency rather than hiring their own people.

“They figure ‘If I’m paying somebody \$12 an hour, why should I pay a staffing service \$15 an hour, for example,’” says Carol Schneider, chief executive officer of SEEK Inc. “What most of them don’t understand is that when we put a person out there, we have to match their Social Security contributions, we have to pay state and federal unemployment taxes, we have to pay worker’s compensation insurance.”

Those are all things a business owner would have to pay if they hired employees outright.

“But the real way we save them money is that most people in small business aren’t human resources experts. So maybe they’ll hire the daughter or wife of a friend, but is that person really the most appropriate person for the job?” Schneider says, adding that that can sometimes end up costing you money.

Placement agencies can also provide a full line of skills testing for prospective employees, including in areas such as typing, accounting, data entry, Word, Excel, PowerPoint and Access. They can even test industrial people for their skills.

ACCOUNTING AND TAXES

A business owner may be advised to involve a tax expert even before the business starts.

“Step one is to make sure that they have a business plan that makes sense and is economically feasible before they go to the bank or before they start the business,” says Kurt Heling, managing member of Alberts & Heling CPAs, Neenah. “The other issue is to decide what kind of an entity it’s going to be, whether that’s a sole proprietorship, a partnership or an LLC.”

Bruce Bain, a partner at Clifton Gunderson, agrees the owner needs to decide early on how the business will be structured.

“That has implications for tax purposes. So someone could end up paying a lot more or less in income taxes than they should, or need to, depending on how they structure the corporation to begin with,” says Bain.

As one’s business grows, they almost always need to hire someone who’s dedicated to bookkeeping – that can either be an on-staff person or a firm can be hired. Either way, such a person is critical to the business.

“A bookkeeping person typically doesn’t bring revenue in, but they’re important in terms of making sure the business owner has information they need to run their business,” Bain says. “And from a tax planning standpoint, if you have good bookkeeping records, you can plan ahead and it helps the business owner, both on the cash flow side of things and from an income tax standpoint.”

Larger CPA firms like Virchow Krause can offer multi-state tax expertise.

“A lot of smaller businesses figure out that in order to continue to grow

they need to sell outside the state of Wisconsin,” says John Krause, partner with Virchow Krause. “We have expertise in multi-state tax issues that can help them. Also, today’s successful businesses, whether large or small, realize that the playing field is larger than the state of Wisconsin and potentially larger than the continental United States. We also have people who are dedicated to working just in the international tax area.”

INFORMATION TECHNOLOGY

It’s usually best to start implementing IT changes when small and in the growth stages, says Fritz Merizon, president/general manager of Modern Business Machines, Appleton.

“The larger the organization is, the more difficult it becomes to implement change.” Merizon says. “What is most exciting and where we’re producing some of our stronger results for people in terms of return on investment, has



Fritz Merizon

to do with work flow improvement — how information moves through their organization and trying to expedite those things which may be information or content heavy, or process heavy, where a document goes from person to person for revisions, approval, etc.”

One of the first steps to improving work flow is to go from several pieces of equipment to a multi-functional device that faxes, scans, copies and prints.



From there, as the business continues to grow, you can get more elaborate.

“In scanning, for example, we can help them barcode documents and start to scan them and then they’ll automatically file themselves. By digitizing their hard copies they can do away with all their filing cabinets, and they can locate a document by doing a simple search online using keywords,” says Mike Erato, strategic account executive with IKON Office Solutions, who adds that lost, stained, or ripped documents are no longer an issue when things are digitized. And because it will be backed up when you do your standard back-up, the chance of losing it will be that much more remote.

“You’d almost have to go out of your way to lose something. Even if somebody deleted a document, just to be malicious, if there’s a backed up copy of it, you’ll still find it,” Erato says. “You can also have documents for your eyes only, where only certain designated people can open them, whereas if they’re in a filing cabinet, anyone can look at them.”

Variable data and electronic forms are other areas where IT companies can help. Some businesses may order 20,000 invoices, for example, then need to change something like an address or area code. Needless to say, those documents are then outdated.

“By using electronic forms, stock invoices are stored electronically; so essentially what we’re doing is printing on demand. That way if something changes, you can make the change electronically and you have an automatic updated form and are saving on printing costs,” says Merizon. ❶

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