

EBOOK

The Retailer's Guide to Employee Management



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Success starts
with hiring



Hiring the right employees is critically important for independent retailers. Once you get beyond the stage where you can do everything yourself, bringing someone aboard is necessary – but risky. It's a major step and there is a lot to consider once the decision has been made. But along with the risk comes a big potential reward: hiring a great employee can help bring your business to a new level of success. And it all starts with hiring.

One of the first steps for employers to consider is what kind of employees they wish to hire; it's important to consider schedule flexibility, education and experience. Once you have those figured out, you'll need to let the world know that you're hiring. One of the most popular job listing methods with the emergence of technology is online postings. Craigslist and other online classifieds are popular options. Be sure to thoroughly screen



Hiring the right employee can be critically important - especially for independent retailers with one store location.



candidates that come in from online channels. Advertising in the paper or a local magazine is another valuable method of bringing attention to an open

position. Another option is asking current employees for referrals, which is often the best method for attracting the right candidate for an open position. That being said, it is still essential that you remain cautious about the potential pitfalls of hiring a friend or family member of one of your employees.

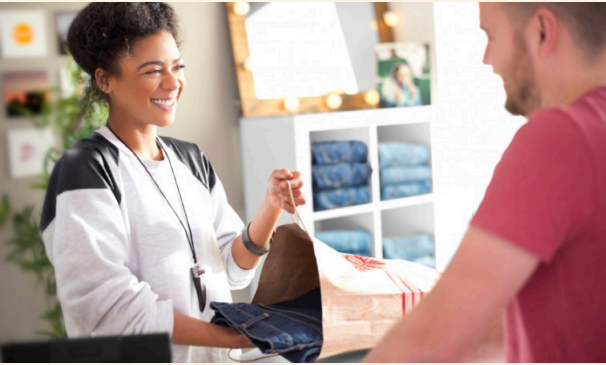
The most important thing to remember when hiring employees is that setting requirements and sticking with them is vital. You should be hiring the right people to perform the requirements of the job correctly and efficiently. Don't take the easy way out and hire the first person you interview, unless you're absolutely confident that they are the right person for the job.

Once you have some potential hires, it's time to begin sifting through their qualifications for the job. When looking at these possible future employees, you'll want to determine if they have the 5 characteristics of a great retail employee:

- 1. Experienced.** A great employee would have some kind sales or customer service experience.
- 2. Professional.** A retail sales associate needs to remain professional at all times.
- 3. Honest.** A retail sales associate that misrepresents your product could give your store bad reputation.
- 4. Reliable.** Retail sales associates work a wide variety of hours, and there needs to be coverage for every hour that the store is open. Will they be there?
- 5. Personable.** Your retail sales associate should be pleasant, greet everyone with a smile and try to bring levity to a situation.

Set employees up
for success with training





Of all the things you can do at your store to increase sales and efficiency, instituting a training program for new employees should be at the top of the list. A store's employees serve as the point of contact between a retailer and the public, which is the the basis for a shopper's perception of your store. By influencing how a retail employee represents one's organization, that organization can have a significant impact on how it is viewed by the shopping public. Additionally, proper training will impact how quickly and efficiently employees can complete key tasks so they can move on to the most important thing they could be doing: working with customers.

Here are a couple reasons why you need to have a strong training program in place for all of your new employees:

1. Improved Customer Perception

This is the single most important reason to train one's employees. When a potential customer walks into a store, the perception that he or she has of the store may be predisposed by branding, advertising or past experiences. But from the moment they walk into the store the customer's spending choices will be influenced by a number of factors, primarily the experience that customer has with the store's staff.

If your employees offer a welcoming and comfortable environment, your customers will be much more likely to buy. Conversely, if the customer feels uncomfortable or irritated, a purchase is far less likely. Training is your opportunity to influence the behavior of its staff, and thus the perception of your store.

2. High-level Employee Competence

At the most basic level, training ensures that every employee is capable of performing required tasks. The basics may range from opening and closing procedures to POS software operation, but employee incompetence can undo a sale and cause other operational issues. Furthermore, the lack of proper employee training can open an employer up to various forms of liability, including safety concerns, fair hiring and firing concerns and protection against inappropriate unemployment claims.

3. Less Employee Turnover

An employee who is well trained is more likely to feel a bond with his or her job and thus be a more loyal employee. Loyalty affects employee turnover, which can be helpful to reducing operating costs and has an impact on the employee's behavior at work. A loyal employee will take pride in both performance and in the products they're selling; this pride is expressed to customers and can have a significant impact on a shopper's experience at your store (as mentioned above). On the other end of the continuum, loyalty reduces the risk of employee theft and attendance problems.

4. Stronger Sales Skills

As an employee moves from mere competence to proficiency, his or her perception of customers will become better attuned. A retail sales clerk who can effectively perceive when a shopper wants assistance and when that same shopper prefers to be undisturbed is a subtle, yet important skill. Without the basic skill set that is provided during new employee training, it may be difficult for an employee to reach this level. Your employees personality can definitely affect perceptive things like this, but setting up clear expectations will definitely help.

Everything mentioned above are just some of the reasons you should have an employee training program in place, but they're all key ingredients to a smooth running and successful retail operation. With these elements in place, you'll be free to focus on other higher level tasks like discovering & ordering new inventory or working hands on with your best customers. When everything is said and done, having a well trained staff leads to another huge benefit: peace of mind!

Provide employees
with a well defined role



The employees at your store should have a wide range of important duties and responsibilities. But in order for them to be successful you'll need to provide them with some structure. To do this, you'll want to identify the key responsibilities for the employee and provide them with a well defined role. This way, they have a framework for understanding what you need them to accomplish each day. Here are some of the basic responsibilities you may want to task your employees with.

1. Working with and Engaging Customers

Your employees should focus their energy on turning prospective customers into paying customers. While they shouldn't breathe down people's necks, they should make yourself available to them. They'll also need to be prepared to interact with customers in a way that will entice them to buy something. Better still,



Employees should have a wide range of responsibilities, but structure must be provided to ensure key tasks are done.



work on developing strategies that will encourage your customers to buy more than they intended to – that's what will really make the difference.



2. Educating Customers

Customers expect retail salespeople to be knowledgeable about the products that are in their stores. If your employees haven't the faintest clue about the merchandise that is on the shelves of your store, they can't hope to be a very successful salesperson. In some cases, they may come into the job with a lot of knowledge about a company's products; other times, they might be completely uninformed and may have to take a crash course. If possible, have them use and handle the merchandise that you sell so that they have a clear understanding of it. They will be more valuable to customers that way.

3. Conducting Transactions

Your employees, no matter their role, will probably have to man the register from time to time. Technology and point-of-sale systems have streamlined this process by a great degree. You should train your employees on the point-of-sale system you utilize at your store, and make sure they're ready at all times to ring up a transaction. If your store utilizes Cashier Live, training your employees to use the system will be a very easy process.

Restocking Shelves and Setting up Displays

Nothing is less appealing than disorderly or mostly empty shelves in a retail store. The presentation of your store's merchandise is important; one of your employees regular duties should be to keep the shelves

stocked and to set up displays. In the latter case, it helps if they have a flair for interior design. If they don't have that, they can try and mimic other displays. Over time, they are sure to get the hang of setting up merchandise in a way that is visually pleasing. Make sure they know that the shelves shouldn't go empty on their watch.

Performing Inventory

It is crucial to stay on top of inventory control when running a retail shop. Nothing is worse than telling a customer that you have an item in stock – only to discover that it's not on the shelf. Furthermore, keeping up with the inventory will help to keep shoplifting to a minimum. If you have no clue about what's on your store's shelves, it's a lot easier to lose track of things. On top of all of that, performing inventory regularly will make it easier to reorder in a timely manner; that way, your shelves don't get too bare or too full.

Opening and Closing the Store

Depending on the employee's level of seniority, they can be tasked with opening or closing the store for the day. Special duties usually go along with performing either one of these tasks, and they should be trained accordingly. There will probably be an alarm that they will have to deactivate upon arrival; which will have to be set it before leaving when the store is closed. At the end of the day, you may also want to have them perform some light cleaning to prep for tomorrow.

Motivated employees
are more successful



The employees of a retail store are at the front lines, working one-on-one with customers. In order for a store to succeed, each and every employee needs to be on the same page when it comes to providing excellent service to customers. An extremely important part of the equation is having motivated employees. Lack of motivation can be an issue for retail employees, and new employees in particular. As a retail owner, you need to make sure that your new hires are motivated to hit the ground running. Here are a few ways you can help motivate employees at your store.

1. Give Clear Job Descriptions

A prime reason why many new employees lack motivation is a lack of information about what they're supposed to be doing. Don't just give your new workers a list of responsibilities and call it a day. Take the time to carefully explain the tasks associated with each



Motivating employees can be the key to success for independent retailers. One of your primary roles is to motivate them.



job, and be willing to answer questions. When your employees know they're doing what they need to do, they'll approach their work with much more confidence.



2. Give Meaningful Tasks

Retail is an industry known for drudgery, and that's something you'll need to constantly fight to keep your employees motivated. Every task needs to be meaningful, and for the most part, that means explaining how each step helps the store do better. If there's a particular way you want to stock shelves, for instance, tell your employees why that method is more efficient or more customer-friendly. They'll be glad to hear that their work is making a difference.

3. Encourage Mentoring

Pair your new employees with others who have been doing the job for a while and know the ropes already. The best mentors are often workers who've been at your store for more than a few months but less than a year. At that stage, they're familiar enough with job tasks to be effective teachers, but they still remember what it was like to be new. Of course, you'll also want to take personalities into account when pairing new hires with mentors.

4. Create Community

Don't require your new workers to leave their personalities at the door when they come to work. Encourage them to bring in their outside interests and use their unique strengths to their advantage. Do that for everyone, and you'll foster a welcoming community that keeps your new employees comfortable and motivated.

5. Supervise, Don't Stifle

Hands-on management is great. Having to get your hands on everything is not so much. New and old employees alike need to know that they're given some autonomy, and they need space to develop the job skills that will make them better workers down the road. If you give them that space, they'll start to believe that you trust them, and there's no better way to build motivation than that.

6. Encourage Innovation

Even if you think of yourself or your core management team as your “idea people,” a surprising number of great ideas come from the employees on the front lines. Often, someone who's new to the store will bring a fresh perspective that can help you run your business more efficiently or serve your customers more effectively. Don't ignore those ideas just because they've come from people who haven't been around long. Encourage the innovators, and they'll approach their jobs with a renewed sense of purpose.

7. Recognize Success

Believe it or not, constructive praise is actually better than financial incentives when it comes to building motivation. Studies have shown that managers who consistently recognize their most productive employees get the most out of their businesses. Make your expectations clear and reward your best people

when those expectations are met. That way, your other employees will be able to see themselves getting that recognition as well.

8. Get Input, and Respond

As the saying goes, communication is a two-way street. As you set clear expectations and tasks for your new employees, you also need to listen and respond to their questions and concerns. When you say you'll take something into consideration, don't just file it away and forget about it. Consider every word of employee feedback carefully, and even if you don't act on it, follow up with the employee to explain why you made the decision you made.

9. Show Faith in Your Team

It's one thing to say that you trust your team. It's another thing to actually do it. Give your employees, even relatively new ones, a degree of autonomy and the opportunity to work on projects independently. If they fail, encourage them and help them get better. As frustrating as it can be from a management perspective, it's the only way to prove that you really do trust your employees and build up their fragile self-esteem.

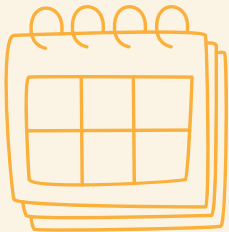
Tips for optimal employee scheduling



In order to run a tight ship, you need to be efficient about employee scheduling. Many important things need to be taken into consideration when creating a schedule for a retail store. A poorly made schedule won't just affect the overall running of the store; it will also lower morale and create all kinds of headaches. To avoid having to fill in for absent employees and dealing with other issues, it pays to be conscientious and thoughtful when creating a schedule. There are many great tips for doing this. You can familiarize yourself with a few of the very best ones below.

1. Employee Input is Crucial

Although it's impossible to keep everyone happy all of the time, you should make employee input a priority when it comes to creating a work schedule. Don't assume a dictatorial position when it comes to creating schedules for your employees. If people feel like they



A poorly made schedule won't just affect the overall store's operations, it will also lower employee morale.



have no say in the matter, they will grow to resent you. Besides, some people have other obligations that limit their flexibility. When considering a new employee,



find out their availability right away. That way you can avoid major hiccups and headaches down the road. Give priority to employees who have legitimate issues with working certain hours; those who simply prefer to work mornings or afternoons should be next in line. Show your employees that their needs matter, and you will foster a lot more happiness and productivity.

2. Mixing it Up is Smart

For most retail environments, there is no pressing need for set-in-stone schedules. In most cases, you really don't need to keep the same exact schedule from one week to the next. Unless there's some unusual reason that this is important, you should strive to mix things up from week to week. Employees won't get bored from working the same exact shifts every week. Unpopular shifts can be divvied up so that no one feels put upon. This technique also gives every employee a chance to shine and to learn how to deal with busy periods and slow ones.

3. Keeping Skills and Roles in Mind is Useful

Another thing that you need to take into account when creating a schedule for your employees involves skill. An employee who has a knack for chatting and interacting with customers will flourish during busy periods; an employee who is more reserved and detail-oriented will do well during quiet periods and with inventory-related tasks. If you're unsure where an employee will fit into the scheme of things, try

them out on several different shifts and in several different roles. Over time, you will come to know each employee's strengths and weaknesses, which will make it easier to create efficient schedules.

4. Watching Out for Overtime and Overworking is Vital

You should only resort to paying your employees overtime when it's absolutely necessary. If you find yourself giving employees overtime on a regular basis, something is amiss with your staff and your scheduling. Overtime doesn't just cost you more money – it's also a good way to overwork an employee. Overworked employees don't perform as well as those who have more reasonable schedules. Take care to divvy up the available schedule so that everyone has a fair amount of work. Remember to ask your employees for feedback from time to time too.

5. Creating a Time-Off Policy is Important

When it comes to creating employee schedules, creating a time-off policy is extremely important. Every employee should be aware of what they need to do in order to request time off. Otherwise, people will randomly inundate you with time-off requests and you will be completely confused. Specify the amount of advanced notice that is required; set limits in terms of the number of days off that can be requested too. As long as employees are aware of these points from the start, you should be able to avoid a lot of problems.

When you strike the right balance with your employees' schedule, you will notice many positive benefits. Morale will be higher; productivity will be too. Employees will work the shifts that make the most of their specific skills sets, which will keep customer satisfaction up. Arguments and misunderstandings about time off will be kept to an absolute minimum as well. In short, your life will be easier, and your store's success will skyrocket. All it takes is a little thought, consideration and practice; before you know it, creating sensible and effective schedules will be one of the easiest parts of your job.

Payroll 101: Tips to help manage your payroll



The retail business is all about customer service, and that means your employees are the very lifeblood of your store. They're the ones giving your customers a great shopping experience, and as they take care of your customers, you'll need to take care of them with an effective payroll system. Whether you've been in business for years or are just starting out, keep these things in mind when managing your payroll.

1. Get Your ID Numbers

Every business needs an Employer Identification Number (EIN). Also known as an Employer Tax ID or SS-4, the EIN allows you to report taxes and other documents to the IRS. You will also need an EIN to interact with certain state agencies. Depending on your location, you may also need ID #'s from your state or local government, so check with the authorities in your area to make sure your store is compliant.



Payroll is a basic necessity for every business with employees, but complexities can trip up new business owners.



2. In-House vs. Outsourcing

Payroll is a huge administrative task, and you'll need a dedicated system to deal with all the record-keeping. For many retail stores, this means outsourcing to a payroll management company; others prefer to



keep it in-house. Whether you choose to outsource or not, bear in mind that you, as the employer, will be held responsible if anything goes wrong. Get referrals from other retail owners to find a reliable, trustworthy payroll company in your area.

3. Get Professional Help

Even if you're going in-house for your payroll management, you'll need assistance from people who know the rules and regulations. If you aren't a CPA yourself, hire one to help you set up your system. Keeping accurate records really isn't all that difficult, but you need to be taught how to do it the right way.

4. Pay Periods

In some jurisdictions, you'll have the option to pay your employees weekly, every other week, or monthly. In others, government regulations may have already determined the pay period for you. Remember that the IRS will also require you to withhold tax for a specified period. If you have the option, lean toward shorter pay periods; your employees will be happy to collect their checks that much sooner. Make sure, though, that your business' finances are sufficiently in order to handle those frequent payments.

5. Contractors vs. Employees

Most retail stores depend heavily or exclusively on employees rather than contractors for day-to-day affairs, but you may find yourself in need of contract

assistance with auxiliary aspects of your business. For instance, you might hire a contractor to work on your store's website or to help with a promotional event. Whether a given individual is an employee or a contractor affects his or her taxes, Social Security and Medicare benefits and unemployment, so be sure to investigate the differences as they pertain to your payroll.

6. Document Everything

Payroll management doesn't just involve direct compensation for hours worked. Benefits such as paid time off, health plan premiums and retirement contributions all affect your payroll system. You'll also need to consider how you will track hours worked and how you will handle overtime compensation. Make sure your chosen method of handling all these issues is well-documented.

7. Get and Keep Paperwork

Every new employee you hire will have to fill out a W-4 tax withholding form to allow you to withhold the correct federal income tax from each paycheck. Moreover, you are legally required to keep a W-4 on file for all active employees and for three years after employment is terminated. Federal and state regulations will also require you to keep W-2 forms, copies of filed tax forms and documentation on all tax deposits. Failure to keep accurate records could land your business in hot water.

8. Separate Your Banking

As much as it may seem like an extra administrative hurdle, keeping your payroll funds separate from your general operating funds is the way to go. Talk to your bank about setting up a second account just to handle payroll, including taxes, benefits, Social Security, Medicare and any other payroll deductions. Most banks will work with you to provide the facts and figures you need to make sure your payroll obligations are met.

9. Know and Meet Your Deadlines

There are two federal paperwork deadlines to keep in mind. By January 31st of each year, you need to give W-2, 1099 and any other tax forms to employees and contractors; by March 15th, your corporate taxes are due. In addition, you'll need to make sure any deadlines are met for state and local taxes. Contact your state tax agency for a list of required forms and deadlines for each one. Keep that list handy.

10. Be Vigilant

Remember, you as the business owner are held financially responsible for any payroll issues. If you underpay taxes or miss a deadline, don't put off resolving the situation. Every day that passes after you've been notified by the IRS or a state or local agency costs your store money in the long term, and that's an entirely avoidable expense. Deal with issues immediately as they emerge.

11. Grow Your Payroll With Your Store

Down the road, you may expand your store, open a second location or otherwise grow your business. The payroll system that worked just fine when you had 20 employees may be completely unwieldy when you have 200. As your business grows, constantly re-evaluate your payroll system to make sure it's still working well. If it starts to become a drain on your resources, make adjustments accordingly.

12. Don't Be Afraid to Ask For Help

It bears repeating that when it comes to managing payroll, it's always worthwhile to go to financial and tax professionals for advice. Most commercial banks offer free consulting to their existing customers; take advantage of those services when you need them. Talk to your accountant. Go to your contacts in the business community for tips. Often, a little advice is all you need to make your payroll responsibilities manageable.

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