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Retaining Talent in a Down Economy

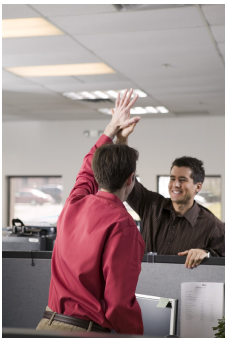
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Times are tough, but as a business owner, you must work to keep a positive culture for your employees. However, with tighter budgets and employees concerned about job security, keeping morale up can be a challenging task. Luckily, there are myriad ways small business owners can show their employees that their hard work and dedication is both recognized and appreciated.

Thank them for their hard work

While now may not be the most economically feasible time for bonuses, there are other ways to show your employees how much you appreciate them. Giving positive feedback for a job well done can go a long way in making your employees feel that they're an important part of the team.

"In this economy, it's the leader's job to protect and maintain the culture of the company," says Neil Ducoff, author of *No-Compromise Leadership* and founder and CEO of STRATEGIES, a business education and coaching company.

Ducoff says that every employee appreciates when they're thanked in front of the team for a meaningful contribution they made to the company. And when you point out good behavior, others are likely to follow the good example.

Janet Boulter, founder of Center Consulting Group for businesses, says that a personalized written letter can also go a long way in making an employee feel valued. She recommends listing ways they stand out as an employee and how much you appreciate their hard work and contributions.

Provide small rewards

Everyone knows that money is tight, and that's why employees will appreciate even small bonuses all the more. Boulter recommends affordable spot bonuses worth \$50 to \$100, such as gift cards to gas stations or grocery stores. Or buy your team lunch once each week or month. She even suggests talking to your tax adviser about employee compensation that will give you a tax break.

If small bonuses are not within your budget, consider giving them more flexible hours, such as allowing them to work 10 a.m. to 6 p.m., rather than 9 a.m. to 5 p.m. With a more flexible schedule, chances are employees will be more productive.

Another option is to offer an extra day off once in a while. Boulter recommends doing it on a national holiday, such as Martin Luther King, Jr., Day when other businesses are also closed. Even the smallest perks such as relaxing the dress code can help improve morale. Employees will appreciate the rewards, even if they are not salary-based.

Carl Schumm, co-owner of kitchen re-modeling company Professional Kitchens based in New Jersey and owner of contracting company Schumm Remodelers, says for 10 weeks this past summer, a slower season for his business, he gave his employees the option of having Fridays off but still getting a half-day worth of pay.

“It was give and take,” he says.

He says his employees appreciated the extra time they got to spend with their families, and they still made good use of their time at the office so productivity didn’t decline.

Be transparent about the company’s status

Bad news can be discouraging, but no news can be even scarier. It’s normal for employees to be nervous about their job security in an economy like this, but Ducoff says that if you don’t inform employees of the business situation, the secrecy only feeds the insecurity. Employees might start looking elsewhere if they feel there is even a possibility that they might lose their jobs.

“If you don’t communicate with your employees, they’ll make up where they think the company is going,” he says.

He highly recommends having regular meetings with your team to talk about the status of the company. You don’t have to give them every little detail, but they’ll appreciate being involved because it will make them feel like an integral part of the company.

Ask for feedback

The most important thing you can do after revealing where the company stands is to solicit feedback from your employees about ways they think they can help.

“During regular staff meetings, ask employees for their ideas and suggestions on what they can do to help the company,” says Boulter. “They’ll feel involved, and it will increase motivation and loyalty.”

The meeting can involve brainstorming major goals to help increase business or little ways the company can save money, such as leaving lights off in unused areas.

Schumm thinks it’s important to not only make his employees feel involved but to make them feel like family. He thinks this is achieved by providing time for his team to hang out in a casual setting outside the work environment. Every year he has an office Christmas party at a local steakhouse for his employees and subcontractors and a summer party on the Jersey Shore, where everyone is encouraged to bring their families to barbeque and play horseshoes . However, he cut back for this year’s Christmas party and only had employees come.

“I think it’s important to continue having those traditions but maybe on a smaller scale,” he says.

He recommends still having the events but scale back in ways such as telling your employees that as much as you'd like to, you're unable to invite family members. People usually understand due to the current economic circumstances.