

When Can You Afford to Hire Help?

As the economy tanked, many of us got lean in the past few months. No, unfortunately, I'm not talking about losing weight. While some resale stores have experienced gains in the poor economy, others like those of us dealing with the CPSIA law restrictions, have struggled and had to really cut expenses.

Since payroll is one of the highest and most controllable of expenses, it generally is one of the first to cut when times are tough. Many of us have had to take up the slack of having fewer employees by working more hours (after all, the clothes sure didn't stop coming in). We've pressed our remaining employees to be more productive. As the reports on the news are finally sounding a little better, many are wondering if it is the right time to start hiring or adding back more hours to our existing employees' schedules.

Before jumping the gun, since no one really knows when the current recession will end, the decision to add staff should be weighed seriously. Here are some things to consider before increasing payroll:

- Estimate future sales – now that we have a full year of recession under our belts, we should have a pretty good idea of what we probably can sell month-to-month next year. If you know March is good, start making plans now to have the workers you'll need in place by then.
- Identify which jobs to add – if all you really will need is someone to tag and hang clothes, then maybe a high school or college student can do the job without costing as much as a full-timer.
- Project added revenues – estimate how much the added worker will contribute to your store. If you really want to increase sales, work on hiring someone outgoing who is available the hours most of your customers are already shopping. If a friendly salesperson can increase your sales by \$20 per hour and she works 20 hours per week, then she could add almost \$21000 in sales per year.
- Calculate the expenses – add up the costs of the new employees. Make sure to factor pay per hour, training costs, any benefits offered, and payroll taxes. Also, if you have to purchase more equipment to keep that employee working, like additional attachers, etc. figure those costs in, too.
- Figure your profits – based on your store's projected cash flow, determine whether your profit margins can support hiring more people. The ideal is to be able to recoup all your costs associated with hiring within one to two years. After that, having more help should be making you money.
- Get temporary help – if your profit margins don't leave enough room to hire, you'll have to find another way to meet the demands of resale. Hiring from a temp agency can be expensive but it also can help fill a slot for a short-term position, without being held liable for unemployment or the unpleasant task of laying someone off.

Most importantly, think about what business you are losing by not having enough employees. If you have piles of clothes backed up in the stock room, waiting to be checked in, they are not making you a dime back there. How often have you checked an item in the day after someone was looking for it?

If customers have to search for someone to take their money because you are buried in processing incoming merchandise, you are losing money. Can you afford not to hire? This is an individual decision but please consider the above when making it. ♻️



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