



SOLUTIONS FOR BUSINESS OWNERS

Are you a victim of the peanut monkey syndrome?

If you aren't prepared to pay the right amount for the employees that you need you will settle for mediocrity and one of two bad things will happen. Either the good employee that you are underpaying will leave for a better opportunity or the marginal employee will stay because they are comfortable and you don't have the courage to fire them.

What happens in a lot of small businesses is that the owner sees the employees as a cost rather than an asset and isn't prepared to make what often amounts to a small additional investment that can make a real difference in their life. A good way to look at this is to analyze the additional value the increased cost brings and use that as the basis of an ROI calculation.

For example: If I am prepared to pay \$30,000 for an assistant, I should look at what additional quality I would get if I paid \$35,000 and focus exclusively on what I get for the extra \$5,000. If it frees my time to do work at a higher level, the \$5,000 can soon be earned back; if I end up with a long-term, effective employee my returns could be enormous. The extra \$5,000 is really an investment and that is how I should evaluate it.

I'm not arguing for overpaying people – just suggesting that the sometimes raising your sights higher can make a big difference. It is sometimes necessary to "reach" a little and accept that you are paying the higher salary anyway – just in the form of turnover costs or having to do more yourself because you have mediocre employees.

Put simply...if you pay peanuts you will get monkeys.

Edge Initiatives is the brainchild of **business guru** Steve Davies. It exists to help executives run their businesses more effectively and offers business solutions that cover most situations faced by owners and executives trying to bring their business to the next level.

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