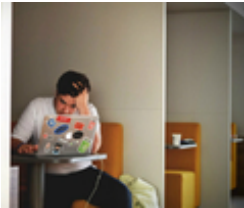


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Should You Hire Freelancers Or Salaried Staff?

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| Kochie's Business Builders

How to determine your hiring needs when starting out.

Hiring staff can be more an art than a science, and knowing who or how to hire can be a daunting part of the process of starting or growing your business. In addition to salaried employees, potential staff can present themselves as entities (ie. a company with ABN) with agreed contractual arrangements rather than having them in-house.

As a potential employer it is vital that you have a sound understanding of what you wish to achieve so that you make the right hire, no matter what the arrangement.

One: Know what skills you need

Successfully growing the business to the extent that you need extra labour is exciting. This is an opportunity that if managed well can be the transition from a one person show to becoming a viable business. However, recruiting can also be a minefield of distractions to a newly successful entrepreneur who is following

their dream.

The business plan should have a section discussing what skills would be required to sustain company growth. If such a concept is not in the business plan, then now is a golden opportunity to draft a statement of the skills required to give you “more hours in the day” to capitalise on your strengths.



Two: Know how many people you need

Having established the skills that are required to free you up, the next step is to assess if it is likely that any one person possesses all of those skills. However, as the company grows a deeper knowledge of particular skills may be required.

For example, simple book keeping may grow into the need for the skills of a qualified accountant. But the question is how many hours per week are required to meet the need and have you allowed for growth? Is the “not enough hours in the day” cry really a sign that there is a need for a higher level of several skills spread over several different fields? Therefore, you may need two or more people with different skills on a part time basis.

Three: Know when to expand

Having been brave enough

to successfully establish a startup may cause you to think you are over the hump for risk taking. Nothing could be further from the truth. There is naturally a certain comfort from doing everything properly yourself. But once that confession of “not enough hours in the day” is heard or even recognised by others, the time to recruit is now.

Remember expansion of resources is vital to keep the company momentum going as it will depend on you, having enough hours in the day concentrate on what you do best.

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Four: Know what you can get

Having decided to expand the company necessitates gaining knowledge of support services that are available to small businesses. The earlier example of a book keeping task growing into an accountant role is applicable to many tasks. There are many services for small businesses that will set you free to be an entrepreneur.

After all, if you can get more customers you can afford to invest in resources that allow you to focus on the core business. Another example of a distraction for startups is purchasing supplies. Maybe a person one day a week could be more organised than you. Once you investigate what services are available you may be pleasantly surprised by the range of skilled persons available to support you in growing your business. Don't get lost in the minutiae.

Five: How to employ: Freelancers or Salaried Staff?

Option 1 - Freelancers

This question causes a revisit of the business plan. What is

the “value proposition” of the startup? Back office tasks can often be outsourced gaining higher skills at better value.

Other entrepreneurs have set up to provide a quality service at a competitive price based on a narrow set of skills, utilising very organised processes and high volume. These cost savings can assist you to be price competitive. These outsourced services could be called freelancers. Using many such freelancers can allow you to focus on your value proposition. The risk though is lack of commitment to your business.

Option 2 - Salaried Staff

These are usually skilled persons who are required to deliver the products or services aligned with the core value proposition. These are the folks who build up the corporate skills and relationships with customers and other stakeholders such as regulators.

They are perhaps the second stage of the startup journey. Salaried staff form the team that invest their careers with your company and build your company’s culture. Staff also are entitled to dream of bettering their careers. In joining your company they have declared that they share your dream enough to be there on the ground floor. If your business succeeds they hope to share the rewards.

The risk with salaried staff for a startup is that the core product or service can be replicated by a full time employee.

As with any new business, you’re always in a high risk/high return situation. But it’s simple - employing the right staff at the right time yields high returns. Just make sure you’re clear on what kind of staff best meets the needs of your business.

Alan Manly is an entrepreneur with extensive experience owning and managing SMEs. He is also the author of When There Are Too Many Lawyers There Is No Justice (\$24.95), visit [here](#).

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