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Freelancers or salaried staff? How to determine your hiring needs



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Hiring staff is a major milestone for any small business – levelling up its skills base and multiplying the number of hands on the tools. Ask any entrepreneur about their biggest mistakes though and bad hires are generally top of their list.

Like every decision, there are pros and cons of taking on either salaried employees or independent contractors (aka freelancers with their own ABN).

The key to making the right decision for your business is being crystal clear about what you want to achieve:

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1. What skills do you need?

When managed well, taking on additional labour is an exciting leap from one-person show to becoming a viable business. Yet recruiting can also create myriad of distractions for an emerging entrepreneur. The key is to stick to a plan: your business plan.

Every business plan should include an outline of the skills required to sustain business growth. If yours doesn't, now is a golden chance to draft this statement and clearly define exactly what skills are needed to complement your own strengths and sustain business growth.

2. How many people do you need?

Having established what skills are needed, the next step is to really scrutinise whether any one person possesses them all. With growth typically comes a need for deeper knowledge and more advanced skills. For instance, simple bookkeeping often grows into the need for a qualified accountant.

Determine how many hours per week you need to invest in those skills – both now and in the short to medium term. Facing the problem of “not enough hours in the day” may be a sign you need specialist expertise in multiple fields on a part-time basis, rather than a jack-of-all-trades full-time.

3. When is the right time to expand your workforce?

Don't be lulled into think the step of first establishing a start-up was the end of your risk-taking. That was just the start. Remember: expansion of resources is essential to maintain the momentum of business growth. That includes labour.

There is a natural comfort in doing everything yourself. But once others – especially customers – recognise you don't have enough hours in the day, the time to let go and recruit is now.

Allow yourself the space to do what you do best and outsource the rest.

4. What is available?

Knowing what you need and when, now comes researching what support services are feasibly available. There are many services open to small businesses that will free you

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ready to launch. There are many services open to small businesses that can free you, the entrepreneur, to focus on growing your business. And if you can get more customers or grow your revenues, you can afford to invest in additional resources.

Once you begin looking at what services are available, you may be pleasantly surprised at the opportunities on offer to free you of the distractions from doing what you do best – from outsourced accounting to administration and inventory support.

5. **Which way to go?**

Only with steps one to four complete should you really focus on the original question – whether to hire freelancers or employees.

• **Freelancers:** What is your business' value proposition? How much time are other tasks detracting you from that? This is where freelancers can be most valuable: outsourcing back-office tasks or gaining specialist skills at better value. The risk, however, can be a lack of commitment to your business.

• **Salaried staff:** Having employees on the payroll allows you to align skilled people with your core value proposition, build your corporate skills, fostering key relationships, and creating your company culture. They buy into your vision on the promise of growing their career and, if your business success, sharing in the rewards. The risk comes in them replicating your core product or service elsewhere.

Like most business decisions, recruitment can be high risk/high return. Delivering high returns boils down to hiring the right people at the right time – and for the right purpose.

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