

# new employee

## What do you want?

Your business is growing. You may be thinking you could do with some help. It could be the start of a great new relationship, but where do you begin?

Just follow the Sage One guide to taking on your first employee.



You've invested a lot of time and effort into your business, so before you start looking for someone new, ask yourself what you really want from your business.

Do you want it to grow even further? Become more profitable, or add different products or services? Do you want to take a step back from the day-to-day and spend more time with your friends and family or do something new?

Make sure that taking on an employee fits with your future business or personal objectives. This will help you find the right person and help you decide what you want them to do.

### What are you looking for in an employee?

Do you want someone to grow the business for you, finding new customers and revenue opportunities? Or just someone who will take over the day-to-day stuff so you can invest more time in developing your business?

Are there specific skills that you need? Is there an area of your business that could do with some real expertise? Or one that offers real opportunities for the right person?

Is that role full time, part-time, seasonal or permanent? What will the working hours be?

Finding someone to help you out during busy times, or to help you deal with a specific area of your business may need different skills to finding someone who you trust to run things for you.

### Can I afford a new employee?

Any good entrepreneur, start-up or small business owner should have their finger on the pulse of their business, knowing what you spend, what you take in and how much profit you make.

Work out what your business can reasonably afford, so it stays profitable and cash flow remains healthy. And don't forget you'll have to keep the HMRC happy too.

### What will it cost me?

Taking on a new employee means more than just making sure you pay their wages. As an employer you take on a number of extra responsibilities. So consider the National Minimum Wage, National Insurance and any pension contributions. You'll also need to ensure your software provider is ready for Real Time Information submissions.

By April 2017 under Workplace Pension Reforms (also known as Auto Enrolment), all employers will have to make a compulsory minimum pension contribution for employees that qualify.

And don't forget there are costs associated with things you might need to provide for your employees too - like a desk, computer, stationery, training etc.

### This could be the start of a long-term relationship so think ahead

You may have a good idea about your current profits, but do you know what's likely to happen in the next quarter or half year?

Forecasting and budgeting your revenue expectations and expenses for the next 2 to 3 years, will help you make sure you go into your role as an employer with your eyes open.

### How much should I pay? Do your market research

Running your own business, you've probably already taken the time to work out who your customers are, where they are and how to reach them. Great! Just use the same skills to help you find your next employee.

Check the job pages in local newspapers, or websites such as Jobsite or Fish4Jobs, Trade Magazines or the Job Centre. Take a look at roles or jobs that require similar types of skills, experience and qualifications.

## Finding the right employee

Okay so you know you want them, can afford them and are ready to take them on. So how do you find the perfect person for the job?

### Start with a job description

A job description is key to success in recruiting the right employee for your business.

It helps you define the role, qualifications, skills and experience required and helps the employee understand the role and what's expected of them.

A good job description should be clear, specific and written in plain English. It will not only help you target the right candidate; it should also give you a good start on advertising the role, shortlisting and interviewing the candidates. And it will help your employee understand your expectations for future performance.

### What personal qualities are you looking for in your employee?

Think about the skills, abilities and knowledge that someone needs to do the job. These will be useful when it comes to evaluating CVs, applications or carrying out interviews.

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## Here's a quick checklist to help you:

### Job description

Job title	A named role and location. The job title should communicate the function and status of the job, but keep it short and concise and don't over complicate it.
Reporting line	The person to whom the individual will be reporting. It is important that this is clear, especially if there are different reporting lines for different issues.
Job purpose	A simple statement that clearly sets out the key objectives of the job.
Main duties	Details of the expected duties and expected outcomes. Also include any special working conditions such as shift work, unusual hours or travel.
Knowledge/experience/skills	Detail the overall expertise needed to do the job to the required standards, clearly articulating what is essential and what is desirable.
Location	Where will the job be based? Be specific.
Remuneration	Is the role full or part time? What are the contracted working hours, holiday entitlement and salary?

### Person specification

Qualifications <small>Academic/Vocational/Professional</small>	Outline the minimum qualifications for the role - what's ideal and what's nice to have.
Work experience	What type of experience and how much is needed to do the job?
General & specific knowledge	What kind of things would you expect the employee to know to do the job well?
Special skills/abilities	Does the job need specific skills or abilities e.g numerical/verbal/communication. Identify minimum and maximum levels of skills required.

## How to write a good job advert

It may be tempting to simply reproduce the job description, but writing a good job advert is a great chance to promote your business and to encourage the best and brightest candidates to apply.

### How do you want to portray your company?

This is a chance to sell your business brand, and what your company believes in to help you find the best candidate.

### Who you are targeting?

Just like you target the best quality customers in business, use the same techniques to think about how to reach the best people to fill the role.

### How many applications do you want?

Generally, the more specific you are about the qualifications, skills and experience you need, the smaller range of applicants you'll attract. This may help you review applications, but are you missing out by not casting your net wide enough?

### Sell the position

Grab the attention of quality candidates. Use positive, dynamic words to make the role sound interesting and compelling without bending the truth.

### Make it easy to read

Use short sentences, paragraphs and sub headings to break up the advert into relevant sections. Use bullet points when talking about job duties, required skills and relevant experience.

### Does the advert look attractive?

Get a fresh set of eyes to be objective, review the job advert and ask them for constructive criticism. Would they apply?

This is a chance to sell your business brand, and what your company believes in to help you find the best candidate.

## Here's a simple checklist to help you create your job advert:

### Person specification

Company name	Clearly specify your company name and use your company logo.
Overview of company	State what your company does.
Job title	Use a title or description which will mean something to a stranger.
Pay and working hours	State where the job will be located and if it involves any travel.
Location	Describe the kind of work involved.
Work	You don't have to specify salary or working hours, but if you do, be specific as job hunters may interpret phrases such as 'salary negotiable' as low paid.
Personal requirements	State what you expect from the successful candidate e.g. experience, qualifications and any personal qualities.
When and how to apply	Be specific about how you want applications – in writing, by email, online, etc. and state a closing date.
The law	Check the advert is not breaking discrimination laws. Also ensure the advert is accurate as it may form part of a contract between you and your new employee.

## Finding the right employee

### Don't discriminate

Under the Equality Act 2010, you should not discriminate on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation at any point during the whole recruitment process, including advertising job vacancies.

### Where is the best place to advertise your job vacancy?

Look for cost effective or free methods of promoting your job vacancy.

- **Keep your own database**

Do you have speculative CVs from people hunting for jobs? Store them in a file or database - they are a great way of finding suitable candidates without spending any money.

- **Networking and word of mouth**

Use your contacts, ask them to spread the word and help you get the talent you need.

- **Local papers**

Local papers can be a great way of finding someone in your area who is the right candidate for your business.

- **Trade Press**

If you're looking for a specific trade or skill, for example a plumber or joiner, use the trade press to help target employees.

- **Job Centre Plus**

A great way to get free job vacancy advertising and they can also help your business with the recruitment process.

- **Social Media**

Use LinkedIn, Twitter or Facebook to raise awareness of your business and targeting new talent, particularly if are looking for specialised skills, knowledge and experience.

### Protect your business

As an employer you have a responsibility to ensure the health and safety of your employees while they are at work.

Hopefully it's not something that will happen, but if your employees are injured at work or they, or a former employee fall ill as a result of working in your business, they might try to claim compensation. **The Employers' Liability (Compulsory Insurance) Act 1969** ensures that you have at least a minimum level of insurance cover against any such claims.



# You've found the right person. What else do you need to do?

## Register for PAYE

If this is your first employee, you'll need to register with HMRC PAYE online.

<http://www.hmrc.gov.uk/payee/intro/register.htm#5>

## Find out their payroll history

When someone changes jobs they should get a P45 which shows their previous earnings and the amount of tax they've paid. It will help you make sure they pay the right tax.

If they don't have a P45, they should fill out a P46 which you send to HMRC so they can work out their tax rate.

From April 2013, you'll be able to ask your employee to complete a new starter statement instead of a P46.

## Decide how you're going to pay them

There are many ways to pay your employees from outsourcing to DIY software.

It's important that you choose the right way for you and your business and that your software is HMRC recognised. Software that's recognised by HMRC should help you stay on the right side of the law

<http://www.gov.uk/government/organisations/hm-revenue-customs>

## Get their National Insurance number

It's your employees responsibility to give you their National Insurance number. This should be on any official HMRC or Department of Work and Pensions (DWP) documents for your employee.

- If they can't find it, they should download Form CA6855 to have the number traced.
- If they believe they've never had a National Insurance number, they should contact Job Centre Plus.

## Provide a written statement of employment

It's your responsibility to provide a written statement of employment within 2 months of your new employee starting with your business.

<http://www.acas.org.uk/index.aspx?articleid=3251>



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