

Compensation

Better Wages, Benefits Aid Small Employers' Bottom Line

Small business owners' opinions about increasing minimum wages and offering attractive employee benefits aren't as stereotypical as they might seem at first blush.

John Swanciger, chief executive officer of Manta Media Inc., told Bloomberg BNA that based on recent surveys he's conducted on minimum wages and employee benefits, small businesses should consider beefing up their benefits packages.

"When California and New York increased their state minimum wages to \$15 an hour earlier this year, we were curious to see how small business owners would react," Swanciger told Bloomberg BNA in an e-mail Aug. 12. "We learned that many business owners are actually in favor of a higher minimum wage. According to a Manta poll, 51 percent of small business owners support a higher federal minimum wage, and half of these supporters favor a \$15 minimum wage."

In another poll, about a fifth of employers felt pressure to improve their benefits packages, largely due to pressure from prospective employees, Swanciger said. "With this in mind, small business owners may see value in an increased minimum wage since attractive compensation, along with healthcare and retirement benefits, are key for employee retention and talent acquisition."

Chambers of Commerce. While the U.S. Chamber of Commerce and other conservative groups have fought the Fight for \$15 campaign to increase wages, some local chambers of commerce vigorously support higher wages.

Mark Jaffe, the chief executive officer of the Greater New York Chamber of Commerce, one of the chambers that supported New York's increase, told Bloomberg BNA Aug. 11 that wage increases would be beneficial for employee benefits.

"I think employers that are fulfilling the mandate that is now upon them will be shopping for different, maybe

lower cost, benefits if they were providing them," Jaffe said. "And an increase in the minimum wage is only going to get the people at the lower rung of the ladder better pay and better benefits."

Business Owners. Jon Cooper, president of Spectronics, a manufacturing firm in Westbury, N.Y., told Bloomberg BNA that the state's boost in wages wouldn't affect the benefits he offers his employees. Slashing benefits would encourage employees to leave and find other work, he said.

"I can guarantee it's not going to adversely affect any of the benefits that we offer," Cooper said. "That would basically be shooting us in the foot."

Similar sentiment holds true outside of New York.

Sherry Stewart Deutschmann, founder and CEO of Nashville-based LetterLogic Inc., a commercial printer of patient statements, told Bloomberg BNA Aug. 11 that employees who are well-paid are more productive and ultimately help the business provide greater customer satisfaction.

Deutschmann said that in her industry, she could start pay at as little as \$10 to \$12 per hour, but chooses instead to set initial pay at \$16. The firm also provides fully-paid medical, dental and disability insurance, helps employees buy their first home, and provides commuter benefits. LetterLogic is also a profit-sharing company, with 10 percent of net profits distributed to employees on a quarterly basis.

"We've made it our company mission to set an example for other businesses," Deutschmann said. "If you take great care of your employees, they're going to take great care of the customer. And it really benefits the bottom line. It's a really smart business model."

The model has worked for her company. LetterLogic had \$42 million in revenue last year, has no debt, and has been listed on the Inc. 5,000 of fastest growing companies for the last nine straight years, Deutschmann said.

By SEAN FORBES

To contact the reporter on this story: Sean Forbes in Washington at sforbes@bna.com

To contact the editor responsible for this story: Jo-el J. Meyer at jmeyer@bna.com

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