After two years of hunkering down and curbing discretionary spending, business executives are starting to think again about hiring. The prospect of beefing up staffing levels sounds like a concept from another, happier world that existed years ago. Yet, virtually every major economic indicator is pointing to improvement, which means that 2004 could well be the year that we finally turn the corner toward real, lasting growth. Telltale signs that the economic downturn is finally receding are making business leaders more confident in their outlook and more willing to invest in the future. That includes a consideration of whether the time is right to bring on new employees.

In the environmental industry, as with other industries composed primarily of small firms, there may be no trickier question than this: How much should your small business grow? And there may be no harder time to decide than in the early stages of an economic recovery whose strength and timing remain uncertain. For any small business, the question of whether to expand by increasing the number of employees is a multifaceted one, and a healthy dose of caution is definitely in order. Regardless of your current size or situation, here are some things to consider before adding to your headcount.

1. EXPECTATIONS OF FUTURE DEMAND
What are your expectations for your company’s future workload? Although business forecasting is far from easy, only by realistically assessing future business can you ensure that the need for more employees is going to be sustained long-term. Hiring new staff can be expensive, time consuming, and even a bit risky. Before you embark on a hiring spree, consider whether you have reliable, consistent clients that will support your workload during slow periods. If the answer is no, it may be time to rethink your growth strategy.

2. ALTERNATIVES
Often, the automatic response to the prospect of more work is to hire more workers, but smart managers consider every alternative before they start looking for new, permanent employees. One option is to explore whether there is any room for improvement in the productivity of your current staff, as well as to determine if under-used staff can handle any increased work the recovering economy may bring. Because many consultants have already been operating on a “do more with less” strategy during the economic downturn, however, efforts to boost productivity and eliminate redundancies in current job performance and staffing levels may have already been exhausted. Outsourcing, the latest topic to hit the business pages of major newspapers, is another alternative to hiring new staff. Certain low-value “overhead” functions can, in some cases, be performed more cost-effectively by outside experts. Due to the costs associated with hiring new staff, it would be wise to consider whether it makes good business sense to outsource certain tasks before adding in-house staff.

3. COMPETITIVE LANDSCAPE
What is the relationship of your current size to your competitive situation? In some cases, being a small firm can be an asset. For example, if a firm’s small size is a strategic advantage
(e.g., qualifying for small business set-asides, offering personalized service, being “closer” to clients), then it might not be wise to expand. If being a bigger company will remove your firm from a niche market, it may be wise to stay where you are and focus on improving other areas of your business. Some firms reach a point in their development when they must grow to sustain themselves. If you are afraid of being shut out of the competition unless you grow, then, all other factors held equal, it is probably a good time to explore expansion.

4. MANAGEMENT PHILOSOPHY
Another consideration is the size that the company’s senior managers feel is appropriate for the business. Some managers may prefer to be “hands-on,” continuing to provide the consulting services at which they excel. The very real prospect of having to spend more time on administrative tasks if the company were to grow significantly may not appeal to all consultants. Expanding the employee base could also mean more regulations. For instance, there are certain employee benefits, such as health care, that small companies may not offer, but that large ones must as a matter of course. Even beyond the basics are extras like 401(k) programs and other benefits that you may need to offer to attract the best employees. Managers of small companies may not have to worry as much about the importance of benefit packages to maintain employee loyalty.

SUMMARY
While it seems like it would always be a positive, in the end, bigger is not always better. Is bigger truly better for your firm? The secret of a company’s success is not solely determined by its size but by a series of key business decisions. Your future growth prospects could have more to do with where you’re targeting your business development efforts than whether you have 50, 60, or 100 employees. The question about if and when you should expand your workforce is not an easy one to answer. Unfortunately, there is no universally “right” answer. That’s for you to decide!

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