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eVision®

a quarterly newsletter
for our clients

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FOCUSING ON CLIENT NEEDS

“I heard my parents and grandparents tell many stories of how they worked very hard through bad economies to continue to provide for their families and themselves.”



A Message from the President

“When the going gets tough, the tough get going.” This inspirational saying has been passed from generation to generation. It means that when a situation becomes difficult, strong-willed people work harder to survive adversity.

I heard my parents and grandparents tell many stories of how they worked very hard through bad economies to continue to provide for their families and themselves. Now, I find myself in the same situation as a small business owner. The StaffMe.net employees are an extension of my family, and I am determined to work harder to see them through this struggling economy.

StaffMe.net is proud of its employees and appreciates their hard work and devotion, so I make it a point every day to acknowledge them by letting them know how glad I am that they work for us. They know that I am here for them in the multitude of good times, but now is the time to prove to them that I am here for them in bad times as well.

I know that other business owners feel as strongly about their employees as I do about ours, so the marketing team has tailored this edition of eVision to hopefully provide information and advice that can help other companies do the best they can to assist and retain their valued employees.

Employees are not the only ones who get worried about their financial futures. We employers do too. But it is important for us

to remember that it is our employees who have helped us successfully build our companies into what they are today.

I hope that you enjoy this addition of eVision and find its articles particularly helpful as they relate to your employees and your company in the current economic situation. We are the “tough” and we can “get going” successfully if we help each other.

ORAU Contract Extension Positive News for StaffMe.net

Oak Ridge Associated Universities (ORAU) and StaffMe.net have been waiting since late 2007 to learn if a large federal contract in Cincinnati, Ohio would be renewed for an additional five years. It was announced in May that the contract was renewed for one year plus an additional four option years.

ORAU, Dade Moeller & Associates and MJW Technical Services had been sharing the contract from the National Institute for Occupational Safety and Health (NIOSH) since 2002. StaffMe.net had been providing staff augmentation services (or StaffMe.net employees) for ORAU through a subcontract.

When the original five-year contract expired in 2007, StaffMe.net’s nine employees on the project continued employment on a month-to-month basis while the federal government considered other bids for the contract. Now that the contract has been renewed for another year with an option for four additional years, these employees have been retained and continue to work in support of the new contract.

The purpose of the contract is to evaluate claims by federal employees that their illnesses were caused by work-related exposure to radiation. If the research through the NIOSH project shows a probability that workers were exposed to enough radiation at a covered facility to cause their illness, the workers are eligible for compensation under the Energy Employees Occupational Illness and Compensation Program.

StaffMe.net would like to thank its dedicated employees on the NIOSH project and congratulate them on jobs well done. It is, in part, due to their hard work and loyalty to the project that ORAU received the contract extension and expansion.



ORAU Has a New President

After a six-month search, Oak Ridge Associated Universities (ORAU) has a new President.

Harry Anderson Page became the corporation's sixth President and CEO in June. As President, Page now directs all ORAU programs, facilities and personnel. He also represents ORAU in meetings with federal agencies and other organizations. Additionally, Page is responsible for leading the corporation's strategic planning as it pursues new business and subsequent expansion.

Prior to becoming President, Page had been the Vice President and Director of

ORAU's National Security and Emergency Management Program. Part of his job was to oversee counter-terrorism readiness programs for certain government agencies. His proven history of reducing costs, improving processes and strategically developing business served him well in his quest to become ORAU's President.

ORAU is a university conglomerate of 97 research institutions which advances science and education by collaborating with national laboratories, government agencies and private industry. In our local area, ORAU manages the Oak Ridge Institute for Science and Education for the Department of Energy.

StaffMe.net Helps Businesses and Displaced Employees

StaffMe.net recruiters report that the number one question they receive is "What type of staffing do you do?" After the recruiter responds, the callers then usually say, "Oh. I thought you were just a local temporary agency." Temporary staffing is actually only one of many services available through StaffMe.net. In addition to relocation, sales, marketing, human resources and Information Technology services, at the core of StaffMe.net business is staff augmentation, recruiting and outplacement services. These three in particular help businesses that are struggling in this topsy-turvy economy.

Staff augmentation enables businesses to add or remove employees as needed, helping to avoid extra costs associated with hiring new employees with specialized skills. Through staff augmentation, these employees will be on the payroll of StaffMe.net, although work performed will be directed by and produced for the contracting businesses. StaffMe.net assumes responsibility for the augmented employees' benefits, worker's compensation insurance and taxes. This is where the deep savings are for businesses using staff augmentation.

Another specialty Staffme.net offers is recruiting. A trained staff of professionals invests time and enthusiastic energy into finding the perfect candidate(s) to match clients' needs. StaffMe.net excels in candidate sourcing, advertising, skills assessment and interviewing. Instead of companies paying its own managers by the hour to do this time-consuming work, they will only pay StaffMe.net the contracted placement fee(s).

Finally, Staffme.net provides outplacement services for displaced employees. Caring employers hire StaffMe.net to assist and guide former employees in their search for their next satisfying career move in an effective manner. Helpful training includes written and verbal communication assistance, interview techniques, networking outlets, skills inventory, cover letter and resume development, job offer negotiation and others. The sooner employees obtain new employment; the sooner employers can stop paying their unemployment benefits.

StaffMe.net is willing and able to help businesses cut costs through staff augmentation, recruiting and outplacement services. More information about these and other StaffMe.net services can be found at www.StaffMe.net.

Good Debt vs. Bad Debt

"A good defense is sometimes a good offense" is an important strategy for those worried about their financial future. To offensively take measures to survive possible financial hardships, it is important to understand the difference between good debt and bad debt. Then, with steadfast determination, the goal should be to pay off bad debt as soon as possible to avoid any unforeseen financial upheavals.

"What our grandparents told us is true: The best debt is no debt at all."

Good debt is generally defined as debt that is backed by collateral that brings long-term benefit. The best example of good debt is a home mortgage, but only when the home is expected to appreciate or if it produces long-term income from being rented. A good way to ensure that a home appreciates is to make important home improvements, so for this reason, home improvement loans are also considered good debt by most financial experts. Largely, business

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loans are also good debt because the expectation is that the income from the business will far exceed the loan itself. Similarly, student loans fall into this category of debt because the benefit of a college education is expected to lead to a higher long-term income.

On the contrary, bad debt is considered any purchase that depreciates or is unsecured. The biggest and most obvious offender is credit card debt. Credit card debt is particularly bad because almost all credit card companies charge a very high interest rate and then various hidden charges over time. Automotive loans are also bad debt because the vehicles depreciate as soon as they are purchased. The same principle applies to the purchase of mobile homes, motor homes, ATVs, jet skis, etc.; all depreciate in value immediately.

Of course, whether it is considered “good” or “bad,” debt takes away a person’s level of freedom, so it is not recommended to become mired in either one. Being in debt makes some people work jobs they do not enjoy simply because those jobs pay more than the jobs they would enjoy. Some people are forced to work two or three jobs just to keep up with minimum payments. Others have wasted decades living beyond their means; as they approach retirement, they have nothing saved on which to live. Instead of enjoying their golden years, they will be working right through them. This very sad situation could have been avoided if they had only adopted the lesson of “The Ant and The Grasshopper” which teaches the importance of working hard now to have savings later.

Although it is nearly impossible today to avoid debt altogether, it is advisable to pay off bad debt as quickly as possible and swear off bad debt in the future. When the bad debt is paid, then whittling away at the good debt would be wise. Why? Because what our grandparents told us is true: The best debt is no debt at all.



How the American Recovery and Reinvestment Act Affects Small Businesses

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The purpose of the Act is to speed economic recovery, create jobs and provide services to those affected by the recession. It also includes rigorous requirements for accountability and transparency.

According to the U.S. Small Business Administration (SBA), small businesses account for 99 percent of all new U.S. jobs. Therefore, it is very important that small businesses be aware of the components of ARRA that will affect them. Under the Act, companies qualify as small businesses if they had less than \$15 million in revenue in 2008 or employed less than 500 employees.

The following are the most important aspects of ARRA concerning small businesses:

- Using current losses to offset profits. If businesses had gross receipts of less than \$15 million, they may be eligible to use current losses to offset profits made during the previous five years. For businesses struggling through the recession, this provision can lead to substantial tax refunds.
- Accelerated depreciation rules. A provision that would allow businesses to write off 50 percent of the cost of certain equipment will be available through 2009.
- Expensing vs. Depreciating. Small businesses are able to “expense” up to \$250,000 of certain capital expenditures this year rather than depreciate them over time.
- Make beneficial hiring decisions. Businesses that hire employees from one of nine specific groups are eligible for a tax

credit equal to 40 percent of the first \$6000 of wages paid for a qualifying new hire.

- Changes to SBA loans. Small businesses with 7(a) loans will find start-up and working capital fees reduced. Small businesses with 504 loans (real estate and asset-backed) will also find the fees are reduced.
- The Making Work Pay credit. Taking the place of last year’s stimulus check, this is a gradual credit for married individuals with an adjusted gross income (AGI) of less than \$150,000 or for individual filers who have an AGI of less than \$75,000. Updated tax withholding tables ensure that employers withhold less in taxes so the employees can have a small tax break with each check, putting slightly more money in their hands.
- COBRA health insurance subsidy. Employees who involuntarily lost a job between September 1, 2008 and December 31, 2009 can apply through this provision to pay only 35 percent of COBRA costs while the employers pay the remaining 65 percent. The employers will be reimbursed their portion of the premiums through a payroll tax credit. This 35/65 arrangement is valid for nine months.
- Transparency and accountability. The Act allots more than \$250 million for the Government Accountability Office (GAO), the Recovery Accountability and Transparency (RAT) Board, and the Office of Inspector General (IG) to audit and investigate companies to ensure against fraud with the federal stimulus money. The Act also gives enhanced protection to whistleblowers.

For more information about ARRA, visit www.recovery.gov.

Retaining Good Employees in a Bad Economy

Typically, employee retention is high when companies are able to provide competitive pay, hefty annual bonuses, desirable benefits packages and job security. However, during the current recession, businesses are finding it very difficult to maintain these standards. In fact, many companies struggle with their sudden need to drastically cut expenses while trying desperately to retain their valued employees.

When faced with this situation, the most important and immediate action a company can take is to be honest with its employees. Although a mass email would satisfy the communication, an all-employee meeting lead by the highest company official would be the best approach because the employees would know that they were all receiving the same information from the top and that the company values them enough to address it personally and honestly. Also, a question-and-answer forum would be beneficial during this meeting because employees need to feel their concerns are considered and employers can convey that the concerns are valid and important to the company.

“Allowing employees to choose their own work schedule as long as their work is accomplished each week is becoming increasingly more popular in today’s workforce.”

Openly recognizing employees is another key component to retention, especially when morale can be low because of the recession. Recognition programs and activities can boost employee morale and give employees an increased sense of belonging. Personal notes, cards, e-cards, certificates of appreciation, articles spotlighting employees in company newsletters, spontaneous company-paid meals and

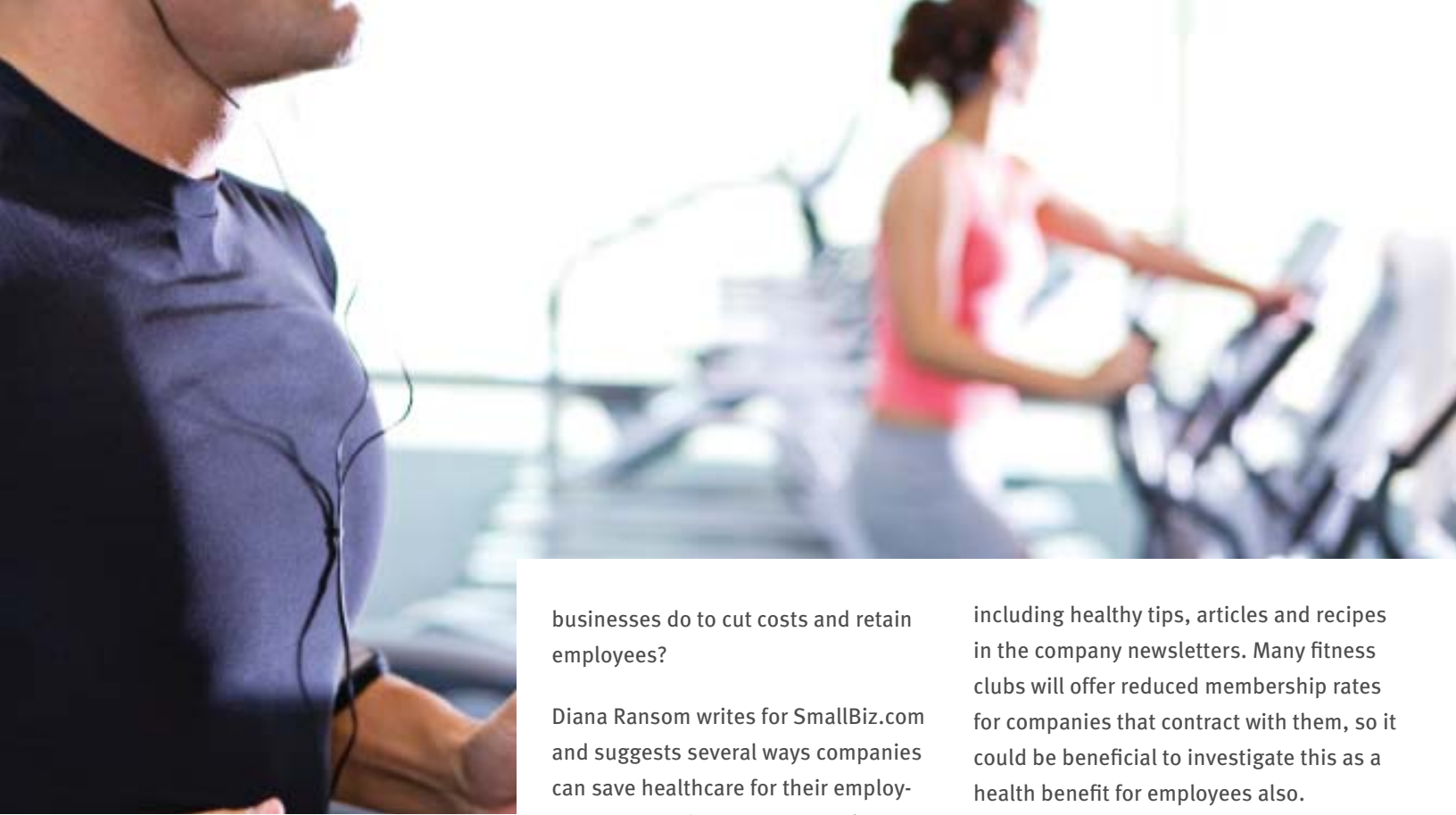


celebrations of professional and personal achievements are excellent ways to showing employees that their company cares about them. Even simple gestures such as managers making a point to say good morning, good night and thank you on a regular basis can make all the difference to an employee's peace of mind.

An increased awareness of management style and effectiveness can also be important to employee retention. Managers have a better chance of retaining employees if they are perceived as approachable, temperate, respectful, organized, considerate, honest, fair, competent, appreciative and flexible. Also, it is important to give employees accurate performance appraisals. It is unfair to an employee to be surprised in their annual review by undue reprimands based on inaccurate information or on issues that occurred much earlier in the year but that were never addressed at that time. Additionally, important insight and a sense of value can be achieved when employees are allowed to appraise their managers as well. These measures help employees feel companies are fair in their management styles and practices.

In recent years, some companies have begun unconventional practices to retain employees. Some businesses insist that the workplace be a low-stress fun environment at all costs, with allowances for long lunch breaks, relaxed dress codes, the playing of games while on the job, and shortening the work week occasionally but still paying for a full forty hours. Allowing employees to work from home when they or their children are ill has also become a widely accepted practice that employees appreciate. Allowing employees to choose their own work schedule as long as their work is accomplished each week is becoming increasingly more popular in today's workforce. These measures are of little or no cost to employers but can mean so much to employees.

The unseen benefit in the current economy is the knowledge that the recession will not last forever. When the economy recovers, businesses will once again be able to return to their familiar system of pay raises, bonuses and benefits packages. Ideally, companies will not just return to business as usual, though, but will keep the important retention strategies they used to weather the financial storm.



Cutting Costs for Health Care Coverage

And the hits just keep on coming! With sighs and groans, this is how many businesses feel in today's flailing economy, afraid to think what might blindside them next. Last year the stock market fell, hurting investments. At the same time, gas prices rose, driving the cost of most products and services sky high. And now health care coverage is shrinking while the cost of it is increasing. Although companies have no control over the stock market or gas prices, they may be able to take measures to cut health care coverage costs.

When businesses cut health benefits to save money, they are taking a great risk. A desirable benefits package with excellent health care coverage is often a key factor in employee recruitment and retention. If the decision is to reduce coverage or do away with it altogether, companies should be prepared for employee turnover. In this seemingly Catch 22 situation, what can

businesses do to cut costs and retain employees?

Diana Ransom writes for SmallBiz.com and suggests several ways companies can save healthcare for their employees. Encouraging as many employees as possible to participate in group coverage can trim premiums by up to 5 percent. Think of it as buying in bulk: the higher the volume purchased, the less the cost per item.

The majority of American companies renew their insurance policies every January 1st. However, according to Marion Schremp of Multiple Benefit Services, underwriters often boost rates by 1 percent to 3 percent, around this time, justifying it by claiming they are overwhelmed. For this reason, Schremp recommends that companies renew their policies between the months of March and November to avoid these hidden costs.

A healthy workforce can do wonders for keeping insurance rates down as well. Therefore, it is advisable for businesses to consider promoting wellness programs, such as nutrition or healthy living classes, stocking all work vending machines with healthy items and

including healthy tips, articles and recipes in the company newsletters. Many fitness clubs will offer reduced membership rates for companies that contract with them, so it could be beneficial to investigate this as a health benefit for employees also.

Insurance plans that offer a health savings account (HSA) offer higher deductibles but lower premiums, so considering a HSA-qualified plan is advisable. HSA accounts allow employees to designate pre-tax dollars for medical expenses, such as deductibles and copayments. Employees submit claims after services are rendered and HSA funds are disbursed to the employee.

The last suggestion, after all other options have been considered but cuts still need to be made, is to pass more of the costs on to employees. If businesses pay most of their employees' premiums, it is possible in most states for employers to reduce their part of the premiums to 50 percent while their employees pay the remainder. At this point, the choice will be the employees' to make. In a bad economy, they are likely to decide that a job with some benefits is better than no job at all.

“employers are finding that virtual employees report increased satisfaction in their job and their productivity.”



Telecommuting is a Win-Win-Win Situation

An increase in telecommunications technology has started to revolutionize the workplace. What traditionally had been a place where all employees gathered in the same building, today's workplace is becoming increasingly more virtual. This type of work is often called telecommuting or telework. Virtual employees perform work for a company but in a place other than the company's physical office. Virtual teams consist of a group of employees in different places, states or even countries who all collaborate on the same projects via email, computers, conference calls and/or teleconferences. Telecommuting is becoming popular on several fronts because it benefits employers, employees and state governments.

The most obvious reason many employers prefer telework is the reduction of overhead costs. Virtual employees do not need an office space in the company building. They do not need office furniture either. Employees who work offsite do not increase the companies' utility bills or use office supplies. Because they work from home, they do not even risk

being late because of heavy traffic, bad weather or mild illness. Also, because they are physically absent from the workplace, they are less likely to waste company time in unproductive conversations with coworkers. In addition, employee retention is higher when employees are allowed to work from home because employees cherish the trust, freedom and financial savings that come with it and are less likely to look elsewhere for employment. In fact, employers are finding that virtual employees report increased satisfaction in their job and their productivity.

Employees who telecommute benefit as well. They have more time for themselves and their families each day because they do not have to spend it commuting back and forth to work. Avoiding traffic issues such as road rage, detours and bad weather can alleviate stress and improve overall health. Also, because teleworkers do not have to travel, they save money in gas costs or travel fares. More personal savings come in the form of less shopping for work clothes and cosmetic needs (i.e. makeup, hair products and perfume). Virtual workers can save vehicle maintenance expenses and reduce the cost of auto insurance each year.

Furthermore, state governments are beginning to feel the positive effects of more people telecommuting. When less people drive to work, traffic volume decreases and less greenhouse gases are being emitted into the air. This is important because the federal government is imposing tighter restrictions on states to clean their air. Moreover, telework opens the door of opportunity to employable citizens who—for medical, economic or family reasons—cannot or will not work outside the home. When this group of people works, they contribute to local and state taxes. They are also less likely to use government-assisted programs and unemployment benefits.

Telecommuting is a positive new approach to business today. For the most part, it can reduce costs for everyone involved, decrease stress and lead to higher satisfaction and the meeting of goals. Although telecommuting may not be possible for every job in every company, making as many positions virtual as possible could be surprisingly rewarding to businesses, their workforce and their clients.

StaffMe.net®

StaffTechs®
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StaffMe.net, LLC and its network of divisions is an award-winning, woman-owned 8(a) certified, Small Disadvantaged Business (SDB) that provides staff augmentation and outsourcing, based in Knoxville, Tennessee. Established in 1997, the Company specializes in recruiting and human resources (HR) services, combined with contracts and other business in governmental and commercial sectors. In addition, the Company provides non-contingent, long-term and temporary staff placements, temp-to-hire and direct-hire positions for various levels of skilled field employees for professional and administrative personnel.

To learn more about StaffMe.net and its network of divisions, call 865.392.9000 or visit www.StaffMe.net.

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