# Myth Busting

**by Gary Roscoe**

In the last couple of years I've worked with quite a few companies in a variety of industries, many in the Southeast and mid-Atlantic, most small or mid-sized. Almost without exception, their ownership consists of tough, smart people who know how to survive in a very challenging economic environment. But I also have noticed a disturbing thread that is woven into the culture of many of these companies: two myths that, if either (or worse, both) is believed, can lull managers into a false sense of security and potentially do great harm to a company's bottom line.

I have heard these myths repeated too often. Perhaps you have heard them yourself, or maybe you believe them yourself. Whether you're a believer or just an observer, it is time to bust these myths, because at best, they're wrong. At worst, they are the gaping holes in your pocket that can cause you to lose much of the money you've worked so hard to make.

**Myth #1: We're a small business; the government doesn't even know we exist; we fly under the radar.**

The problem with this myth isn't in believing it, it's in acting like it's so. Believers like this myth because they think it makes life easier; being small, they think there's no oversight. They can do as they like and treat their employees as they like: "Pay 'em overtime? Can't afford it. And anyway, I think they're all salaried, so I don't have to."

I don't care if you have 5000 employees or one, if you filed a tax return, if you paid one dollar in unemployment taxes or responded to any other state or federal mandate, trust me, they know who you are. That's not a bad thing or a good thing; it's a true thing. Being known, you can be audited. In the past year, the Department of Labor (DOL) has hired hundreds of new agents specifically targeting wage and hour issues, and focusing on small and mid-sized businesses. Once they come in your door, whether because an employee complained or because you've been selected for a spot audit, your personnel records are an open book. If your records indicate that you haven't been paying employees appropriately, you could be correcting the problem by paying it all in one lump sum going back as far as two years. And punitive damages could be charged against you for a variety of reasons. Since adding the new agents in 2010, DOL audits have compelled companies to pay $176 million in back wages. Fines for OSHA violations have gone up, too. If you think you can avoid obeying the law because you think the law can't find you, you are doubling down on a bad bet.

**Myth #2: We're like a family here. No one would do anything to hurt me. I'm like their father/mother. And everyone knows when we're just kidding around.**

This one is even more dangerous than the first, because it tends to blind you to the possibility that employees are silently resenting the actions of you or your supervisory team. Managers are human, and they make mistakes all the time. But when the mistakes are centered around cruel or crude comments, failure to recognize good performance or take action on bad performance, employees tend to see it, remember it and eventually do something about it. I have worked with a number of companies to mitigate the effects of supervisory harassment, bad judgment or plain stupidity, and in each case it was an avoidable event. But in each case the business owner had never given her/his supervisory team effective training on how to be a manager of people. Instead, supervisors are promoted or hired to manage processes and tasks rather than managing the people who are performing the tasks. Supervising people takes a different set of managerial muscle development and if it's not addressed early and often, the business runs the daily risk of letting a supervisor say or do things that result in employee charges brought through the Department of Labor or the Equal Employment Opportunity Commission (EEOC). This usually means getting the company's lawyers involved. And it all means spending a lot of money that could have gone to capital improvements or the bottom line. We live in a litigious society; employee charges to the EEOC have gone up each year since 2003 and in 2010, employee charges topped 100,000 for the first time. An employee who has been wronged is an angry employee, whether he shows it or not. You can't rely on the myth of "we're just like family." After all, how many families do you know that aren't dysfunctional? You need to be better than "family". You need to be leading and managing effectively, and insuring that your supervisors are, too.

Another thing: the White House has recently established a hot line for employees to call the American Bar Association to complain about their company. The National Labor Relations Board may soon be requiring all employers to post a permanent notice advising employees of their right to organize a union. They may also be preparing a ruling on micro unions, a new way for small groups within a company to organize. It's getting to be a tougher reality, and you can't be left relying on things that aren't so.

If you work at it, you will never give the DOL or your employees a good reason to find fault with you. If you're not sure what to do, or if you think you're at risk, consult with a professional who can give you an objective review of your company, its issues and how they can be mitigated.

Myths are convenient, even comforting, and they die hard. Clarence Darrow, the famous attorney, once said, "It's easier to kill your wife than it is to kill an old wives' tale."
Old wives' tales, myths, urban legends, call it what you like, just don't call it your business philosophy.

*Gary Roscoe is a 25 year veteran of Human Resources and president of Acclaim HR Consulting.*

*Gary can be reached at groscoe@acclaimhrconsulting.com or at (919) 791 8448*