

Companies find ways to accommodate workers

03/14/05

How does a local company find and afford, legal laborers, while remaining cost competitive with Asia, New Jersey, Virginia Beach and the mid-west? Housing and living costs have forced legal, low wage labor out of Westchester. Most English-speaking people with basic work experience are not willing to work for under \$10 per hour. Companies such as Lillian Vernon, Saks Catalog, Taro Pharmaceuticals, and IBM have re-located jobs out of Westchester, in order to control their labor costs. I want to stay and play in Westchester, but I need affordable, legal labor to do it.

This week's question comes to us from a catalog/web company that designs, assembles, engraves and ships awards to teams, schools, businesses and organizations across the country. In addition to their factory in Hawthorne, they have 135 individually-owned trophy franchises, who also produce awards for their local communities.

This question covers many points. Where can a company find skilled and unskilled laborers? What can we do about the loss of affordable housing, and the related migration of labor out of the county? What is reasonable pay for minimum job skills? How does a company make a profit by mining the potential of its workforce?

One of the advantages of Westchester County is that it has an unusually high talent labor pool. With 24 institutions of higher education, 40 public school districts and over 100 private and special schools, student test scores that exceed the national average, a drop out rate that is half the state average, and over 80% of all high school students going on to college. Westchester is a goldmine of opportunity for people who want to learn. One of the most valuable attributes any employee brings to the table is a desire to learn and do better. I believe Westchester employees have these attributes in spades. Business owners can make money by learning to attract bright, smart, willing employees, with potential to grow.

In any company, there is a need for a mix of employees, including those coming in at the entry level, as minimum-wage employees. One of the best sources for cheap labor is larger cities, which tend to have transportation, housing infrastructure, and other support services, targeted at lower income households. Unfortunately, many of our Westchester office complexes are built in isolated locations, designed for commuters with cars. Costs for buses – including higher gas prices – have forced the county to cut back services, further limiting the transportation options of low-wage earners. One of our clients recently relocated to an enterprise zone in Mt. Vernon.

They are finding that proximity to affordable housing and public transportation is yielding a much broader applicant pool for their lower-wage jobs. Savvy business owners are thinking strategically about where to locate their businesses, to make it easier and faster for laborers to get from home to work.

How serious is the question of affordable housing? According to NLIHC, National Low Income Housing Coalition, as early as 1999, in Westchester County, 55% of renters could not afford a 2-bedroom apartment costing as much as 401% of a minimum wage. 4 full-time workers, all earning minimum wage, would have to work a combined total of 160 hours a month to afford a typical 2-bedroom apartment in Westchester. Fortunately, in lower Westchester, we are blessed with several towns with dense housing, and affordable housing programs. Lower Westchester businesses can also attract labor from their neighbor, the Bronx, with easy transit back and forth via train. The northern end of Westchester is within commuting distance of areas like Newburgh and Poughkeepsie to the west and Waterbury to the east, where housing and living costs remain lower. Sometimes it's just a matter of casting a wider net, as an employer.

Businesses need cheap, reliable labor, but how low can a business go? After all, the unemployment

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rate in Westchester County has been below equilibrium for years; after it hit a low of 2.5% in December, 2000, it now hovers between 3.5% and 4%. This owner is right that wages in the middle of Westchester County tend towards the range of \$10 / hour, and up, for employees with more than entry-level skills, and some post-high school education. However, not everyone will command that level of income. In Westchester County, people continue to compete for jobs, benefits, and flexibility of work requirements. Employers willing to advertise regularly, train entry-level workers, be flexible with hours, offer benefits, and pay bonuses for above-and-beyond performance, can pull in workers willing to negotiate on salary in favor of other perks they value more. In particular, women with pre-school and elementary-age children will often sacrifice a higher wage for more flex time and availability of days off to deal with family needs. Recent graduates, facing difficulty finding the jobs they want, will take lower pay in order to get experience. Business owners are breaking through the traditional head-set that jobs are cradle-to-grave, Monday to Friday, 9 to 5. In the process, many owners find they can attract, and retain, employees with appropriate skills, at reasonable wages.

Any business intending to stay in Westchester has to get significant productivity for its hourly wages.

The reality is the minimum wage continues to go up. Today, it's \$6 an hour across NY State, and will go to \$6.75 on January 1, 2006. That brings us to the productivity equation. One of our clients recently worked through the following model: on \$1 million in sales, a 6% productivity increase translated into an additional \$135,000 dropping straight to the bottom line over a year's time. In other words, through the enforcement of standards and process, emphasizing efficiency, do-it-right-the-first-time, and responsibility for outcomes, a company makes more money. Think smart, set up co-op arrangements with key vendors and clients, co-locate facilities, provide a set of services no one else provides, and expect employees to pull their weight at creating new and better ways to make money. Demand excellence from your clients and your employees, and you may find you have the profits you need to afford Westchester's superior labor pool.

Looking for a good book? Try *Recognizing and Rewarding Employees*, by R. Brayton Bowen. Bowen makes the case that success in employment means more than salary hikes. He looks at a generation of employees who battle disillusion and are seeking a culture of caring, and a position to which they can bond, in order to boost their motivation.

Business owners regularly turn to Ask Andi and Strategy Leaders for advice on how to grow profitable, successful companies. They find what they need time after time. Specific advice is available at www.AskAndiBlog.com. Ask Andi is also published weekly in the Westchester and Fairfield County Business Journals and Hudson Valley Business. Written by Strategy Leaders President, Andi Gray, the Ask Andi column is a rich source of advice for owners of established, privately held businesses.

*If you are a business owner and you have a question or would like to discuss some aspect of your business, call **1.877.238.3535** or send an email to AskAndi@StrategyLeaders.com.*