



**“Would you like fries with that?”
– For \$10.00 per hour?**

(When you think of Minimum Wage... What is the stereotype that pops into your head?)

**Whether unsure or have not taken a stance yet...
if you are a business owner, now is the time to start thinking
about how the increase to minimum wage has and WILL
affect your business
and your bottom-line.**

The working public loves the idea of increasing the minimum wage. If you increase minimum wage, there is a belief that the increase will “trickle up” to all jobs at some point. The part everyone misses: increased wages cost businesses more money. Higher expenses mean their products and services – just got a bump as well – making everything cost more. So when that fry cook gets a bump to \$10.00 per hour, the fries they make go up from \$1.49 to \$2.19. In the end, does anyone really win?

Joking aside for a minute and whether you are prepared for it, or not, **minimum wage went up in 21 states in the U.S. in January 2015** AND there is a plan for further increases to go into affect later this year. Not just state minimum wages have gone up, but some cities are now setting their own minimums as well!

Talk about an employer headache.

Did you hear about the Mall in California with two minimum wages? We can't make this up! The Westfield Valley Fair Mall straddles two cities. One side of the mall is in Santa Clara, but walk a few feet down to the other side of the SAME MALL, and you're in San Jose. In 2012, San Jose city voters agreed to raise the city's minimum wage from \$8 to \$10 an hour. One business owner managed a shoe store on the \$8 per hour side.

When San Jose raised the minimum wage, he lost about half his staff to the stores on the other side of the Mall that paid \$2 an hour more. ***How do you think that impacted his ability to attract, train and retain talented employees?***

While all of this seems great for employees, as an employer, you now need to be prepared for the impact these increases will have on your staff retention and your Company's bottom line. It's not just that pay rates are going up its all costs associated with employing staff are going up.

While you may have budgeted for certain numbers as far as your payroll goes, you'll now have to increase those numbers by whatever number the government feels is the "minimum going rate." **If President Obama's proposed additional changes go into effect later this year, those numbers could go up even further. Calling all business owners... how do you feel about this???**

So far our clients are telling us... these changes will initially impact their bottom line and net profit. The sales pitch for it: Overall it should improve things such as unemployment rates, employee satisfaction, and most importantly consumer spending.

Well I am a business owner and I do not know about you, but every year I seem to be working harder and making less while "consumers are supposed to be spending more." When will small business start to see these "projected rewards of these proposed changes?" - Heather McCloskey, CEO, McCloskey Partners, LLC.

As a business owner, the changes to minimum wage can pose big concerns for the future of your business from a financial standpoint. Whether you pay your employees minimum wage, or not, this WILL affect you and your income. More importantly, if employers are forced to pay a higher starting rate, does that mean companies will get more talented employees applying for positions? Unfortunately, the answer to this question is most probably -No. For employers, we will just pay more to get the same. In the long run it just becomes more difficult for a business owner to get talented employees as they will now be forced to pay even higher wages. And we all know what that means... ever shrinking margins.

McCloskey Partners will keep you updated as refinements to this and many other local, state and federal laws as they are announced, and can offer you additional information if needed. McCloskey Partners is an expert in finding, training and retaining the employees you need to succeed in the ever changing business world.

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