

GROWERTALKS

Features

11/27/2015

Wage Rage

Jennifer Zurko

To see all of the information and charts, go to the [DIGITAL EDITION](#).

This is the 20th year that *GrowerTalks* has been asking its readers to tell us what they pay and which benefits they offer their employees. And every year, we learn something interesting.

Last year, it was that you were finally feeling confident enough to start hiring more people, but maybe not so confident in the Affordable Care Act.

The year before that was how immigration reform would affect your business. The comments we got from those two topics weren't half as interesting, and at times passionate, as this year's essay question on raising the minimum wage.

It's one of the more heated debates today. Many states and cities around the country have already enacted increases in the minimum wage, immediately creating two very passionate camps of people—those for and those against. And that goes for our little part of the world.

Here are some of the concerns surrounding this issue:

- According to the Economic Policy Institute, the nation's productivity has improved 22% since 2000; however, median wages have risen only 1.8%, adjusted for inflation. Wages have actually fallen by 3% since the recession. Meanwhile, productivity gains are going to CEOs who earn, on average, about 300 times more than typical workers, compared with 71.2 times in 1990. Such trends have driven the push for a \$15 minimum wage in some cities.
- An article in *Inc.* magazine said that in the wake of the recession, entrepreneurs and corporate bosses have tightly controlled costs, including wages. That boosts profits—and bonuses. But at what cost? Our U.S. economy is more than two-thirds consumer spending and GDP growth is chained to income growth. Workers can't spend what they don't have, nor do they have the home equity to borrow and spend. Weak wage growth helps explain why the long economic expansion has been so tepid.
- Our industry is not like the banking or technology industries—not many greenhouse owners make 300 times more than their employees, so because of the disparity in wages in many large businesses, small

businesses like yours suffer the consequences by being lumped in with other industries that can better afford to pay their employees a higher wage.

Part of the problem is that we haven't been able to raise our prices significantly during the last 20 years. Margins have shrunk and many are undercutting prices to stay competitive. As one survey taker said, "Since 1999, the sales price of a 3-, 7-, 15- and 25-gal. shrub has stayed the same. Our cost to produce has risen an average of 50% to 100%. Margins are much smaller these days and there is less room for error."

In the type of market that many growers find themselves, it's hard to justify increasing their payroll when they can barely stay in the black. However, there are some growers who feel it's not realistic, or ethical, to continue to pay people the current federal minimum wage of \$7.25 an hour. Read more to see what others thought. And beyond that to see the rest of our survey results.

It's a good thing

"It's fine. We will just have to pass the cost on to our customers."

"If everyone has to do it, that would be okay."

"EVERYONE out there needs to make this. We START people at \$15.00 per hour and most of our people make at least \$20.00 per hour or more."

"I think it's good. People need more money with the cost of living raising."

"It would be fine if we could get an increase in price that coincides with the wage increase along with everything else going up in price."

"I think it should be raised. People cannot live on less."

"It would not be bad IF the work ethic went up with it."

"I think the minimum wage is currently too low and feel it should be somewhere in between. (\$15 per hour) will hurt many small businesses, as it is hard to get price increases for our products. It is also hard for a worker to survive on \$8 or \$9 per hour."

"Raising the federal minimum wage will put more spending money in consumers' pockets and put more money into circulation, benefiting producers of all kinds."

"I support raising the minimum wage to ensure our work force may have more disposable income after household expenses, taxes and savings."

"I feel that it would be a good thing ... Many workers are struggling to make ends meet earning \$10, \$11, even \$12.00/ hour. The cost of living is going up. Even when a household has two people working full time, it is hard to provide the necessities, let alone a single person living off of a low salary. The price of food,

clothes, rent, bills, gas, everything, is rising, so should minimum wage.”

“In 1973, just after leaving the Navy, I took an unskilled labor position and made \$14,000 annually. Now, over 40 years later, that would be equivalent to a \$75,000-job if wages kept up with inflation. I guess a \$30,000 (\$15/hour) does not seem too out of line. Prefer this happen nationally as opposed to state by state.”

“At \$15.00 hour, we will all be in the same boat. Top paid people in our industry are only making \$15.00 per hour. How does anyone survive today with less than \$15.00 per hour?”

“I think it should be raised. You cannot begin to raise a family on minimum wage. The landscaping department’s highest paid gardener makes \$13.00-plus an hour. No one can live on that wage, let alone feed others.”

Not good

“I would have to close the doors or cut production and staff. People would not be willing to pay the price for bedding plants because of the increased production cost across the board. Everyone will have to raise their prices and work together and stop trying to cut each other’s throat.”

“I don’t think it is a good idea. \$15.00 per hour won’t make a certain employee a better employee. I feel an employee will be making \$15.00 per hour soon if they show that they can get to work daily and do a good job. \$15.00 per hour minimum would push the whole scale up so much, we would have to raise prices on products considerably across the board. Now the person making \$15.00 has to pay more for everything, so are we really ahead?”

“Labor is a global commodity and should be a free-market system. Government-forced pay raises only increase tax revenue and inflation. The biggest problem is that you can’t fix stupid when only a small percentage of the population understands what the rest don’t have a clue about. Everyone should own a business before making a comment for minimum wage increases.”

“I am against it. When an unskilled employee makes \$15.00/hour, then a skilled, educated employee will need to be paid at least \$18.00 to \$20.00 per hour or more. This would be very hard on small businesses that are having a difficult time making ends meet.”

“If it does not put us out of business, it will force us to drastically reduce the number of employees we employ. In no way could we raise the prices on our product enough to cover a \$15/hour minimum wage.”

“Minimum wage is intended for entry-level positions. It is the means by which younger workers can earn spending money and adapt themselves to work atmospheres. It was not intended to serve as the basis for anyone to provide for a family. That is what advanced schooling and trade schools were meant to do. One’s performance at the entry level was also a means by which an individual could advance in position and salary.”

“Over the years, a lot of young people have had their first job here, where they learned basic work skills, i.e. show up on time, call when not able to work, following directions, completing repetitive tasks—really basic

skills. At \$15 per hour, even at \$9 per hour now, I am choosing who gets an opportunity for a first job, which is not right. All young people need an opportunity for a first job!”

“It’s ridiculous. The going rate for good people is determined by the local market—it is dynamic, changing with the conditions. To set a floor is not a bad thing, because there are always some unscrupulous employers. It should be just that—a floor. Also, nationwide, this would be very inflationary, pushing weaker-performing individuals out of jobs entirely.”

“I think raising the minimum to \$15 an hour is too much too fast. I feel it should be \$10 to \$12 an hour at the max. The impact will be very significant to many businesses in many industries. In my opinion, if you want to make \$15 an hour or higher, you need to have skills to warrant that. Way too much for a part timer or a college kid flipping burgers.”

“We are finding it difficult to stay in business now with Washington’s comparably high minimum wage.”

Not sure

“Mixed feelings. Agriculture may not compare to industries that are highly mechanized and do not depend on Mother Nature to create a product. Educational level of all employees not crucial to our industry.”

“It would depend on the position and worker’s experience. I do not think it should be an across-the-board minimum wage increase. It would hurt businesses and lower their ability to hire new employees and expand business.”

“We would definitely need to restructure our compensation structure and reevaluate costs. We make an effort to increase average wages every year, including starting wages, so we don’t consider ourselves to be left behind. As far as our local economy, the competition for good help forces an increase in wage anyway—if you want good help, you should reward them for their work. But not necessarily forcing that ahead of schedule. Should the minimum wage be aggressively increased to \$9 to \$10 would be a better question. Our current minimum wage (for full-time staff) is \$10 for temp and \$11 for full time. I agree with increases, but I’m questioning the aggressiveness.”

“Get rid of payroll taxes, unemployment benefits, welfare, etc. and \$15/hour would be fine. Preferably get rid of the minimum wage and let the market decide the value of labor for a given market, not the government.”

“Wages are too dependent on local economy and demographics for a national minimum wage to be effective. There are areas of the country where \$15/hour seems outrageous and other areas where businesses wish they could find employees for only \$15/hour. I question whether even setting it at the state level can be effective. Here in Virginia, the cost of living in the suburbs of D.C. is twice what it is in the mountains of Southwest Virginia. Our consumer culture has placed too much emphasis on consumption, making many people and businesses very price conscious, hence the huge amount of imports from low-wage countries. Raising the minimum wage will undoubtedly cause many American businesses to have to increase their prices, making our products even less competitive.”

“Too much too soon; needs to be gradual.”

The interview: A few thoughts on an old topic ...

By Bob Zahra

The problem with bypassing the phone interview and leapfrogging directly to the face-to-face interview is that it's a mistake to fall in love with the candidate before you know if he/she can do the job. And, as everybody knows, an excellent interview isn't necessarily a predictor of future success.

The candidate who clunks through a gotcha interview, constantly off-balance from a hiring authority expecting extemporaneous, television-talk-show level responses, doesn't get the job. This same clunker candidate interviews elsewhere where his/her tortoise-like proven history is recognized and appreciated, and he/she is suddenly transformed into a valued employee—to the long-term benefit of both candidate and competitive company.

It's wise to spend a little time on the phone prior to the face-to-face interview. Listen. Probe depth and breadth of specific employment history: perceived successes and failures, numbers of people managed, square footage responsibilities, particular cultural expertise (if growing) and sales volume, geography, industry sectors, people managed and level of contact within the customer base (if sales or management).

Top performing, current employees plan their days/weeks/seasons and even their years well in advance. Consider providing challenging interview questions prior to the face-to-face interview. By providing questions in advance, the hiring authority can create an insight into the candidate's preparation and planning skills (among other things).

Question example: “A key employee of our largest customer has made a mistake. Nothing malicious, but a costly, time-consuming mistake nevertheless ... This employee of our largest customer completely ignores his/her culpability and blames our company. It's clear that he/she is covering for his own failure. How do you solve the problem and retain the customer?”

A couple of carefully crafted questions presented as a take-home test in advance of the face-to-face interview also provide a window into the candidate's problem-solving style and ethical foundation. An open, free-flowing case study analysis of the take-home questions during the personal interview can uncover much about a candidate that the traditional interview doesn't capture, by means of personal anecdotes leading to historical operational style. In the process, personal/organizational chemistry can be measured and evaluated.

One last tip: Tell the candidate how to dress for the interview. Don't make him/her ask or wrestle with the decision. Set the stage for success. The overriding goal here is to determine if the candidate can make a sufficient, lasting contribution to your company. At the same time, you can be certain the candidate is evaluating your company for projected immediate and long-term personal and career reward. **GT**

Bob Zahra is an executive search consultant with Florasearch, Inc., a certified personnel consultant and past chair of the National Association of Executive Recruiters. He can be reached at (407) 320-8177 or bzahra@florasearch.com. Visit www.florasearch.com.