GROWERTALKS

Acres & Acres

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Why You Should Pay More—Now

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By 2023, California's minimum wage will be $15 per hour and businesses are already wondering how they're going to handle the increase from today's $10.50 per hour.

Several California greenhouse owners and managers have already asked my opinion on the matter. At least one of the state's horticulture businesses, Golden State Bulb Company, decided to sell to a European owner and close its California operations, in part because of rising wages. Explained company president Walter Petuck: "Looking at the future, trying to compete internationally from here in California looks pretty difficult; minimum wage is going up, overtime rules are changing, regulatory rules are getting tougher, it's more and more costly to do business here [and] it's very difficult to increase prices on an annual basis to cover all these costs."

Thus far, New York is the only other state to make the official move toward $15, but many cities have, including Pittsburgh; Seattle; Missoula, Montana; and San Marcos, Texas. Even if the federal minimum wage (which currently stands at $7.25) doesn't make much of a move in coming years, state legislators are feeling more and more pressure to demand employers pay a "living wage."

In light of all this, what should you be doing about your own payroll?

My advice is that you get your entry-level pay up to $15 as soon as possible and go up from there.

No, I haven't lost my mind (but thanks for asking). Hear me out before you judge my idea as complete and utter lunacy, designed to drive your business into the ground.

First, fewer and fewer greenhouse businesses are paying minimum wage these days because fewer and fewer of their competitors—Walmart, McDonalds and the like—are paying minimum wage. Competition for even entry-level labor is fierce and it takes $8.00 or $9.00 an hour just to get warm bodies through your door. As the minimum goes up, the amount above minimum needed to stay competitive will go up, too.

Second, minimum wage attracts workers with minimum skills and experience. Paying a few dollars above minimum lets you reach candidates who value their skills and abilities, or who have more experience and require less basic training.

Third, when you pay a worker minimum wage, they know you're paying them as little as the law will allow, and chances are they assume you'd pay them even less if you could get away with it. So now, instead of being generous enough to give them a job and a paycheck, you're a cheap S.O.B. who doesn't deserve a full day's work from them.

Fourth (and pay attention because this is the most important one), if you only pay the government-mandated minimum, the government gets the credit, not you. You're only doing what you've been ordered you to do. Under those circumstances, you reap no more benefits paying $15 than you did paying $7.25.

However, when you pay more than the minimum wage, you get to take credit for being a generous boss who pays well because you choose to, not because you're forced to. This goes a long way toward boosting workplace morale. It also allows you to expect more from your employees. And it's just plain good PR.

Think about it: If you could find a way to pay your entry level workers $15 an hour today, you'd be a local hero! You'd get your picture in the paper with a nice article about how progressive and employee-centric you are—like Amazon or Facebook, but with flowers!

This is why I suggest you start looking NOW for ways to bump your pay above the minimum level and keep it above the minimum level. There are great practical and psychological benefits to be reaped from doing so, as I illustrated above, that are lost once it's mandated.

Plus, you're going to have to pay it eventually, right? I'm just suggesting you set your own timeline, rather than allowing the government to do it for you.

Because once that happens, all your advantages go out the window and you're in the same boat you are today—only with twice the payroll. **GT**