

Should you employ friends?

It can be a win-win or a lose-lose, writes
Sylvia Pennington.

You've got a situation vacant in your business and a mate who's interested. Will they be harder working and more trustworthy than the random people who answered your job ad on Seek, if you give them a start? Or is hiring a pal a choice way to annoy your other staff and ruin the friendship?

Hopefully not, says Expert360 co-founder Bridget Loudon who took on her friend and flatmate Jane Watson as head of operations for the 12-strong professional services online marketplace two months ago.

The pair have shared digs since October last year but despite this connection, former investment banker Watson responded to the company's ad in writing, rather than having a quiet word over the cereal.

"Even though we lived together, she went entirely the formal route," Ms Loudon says. "She wanted to differentiate her work and home selves."

Being objective about your friend's experience and skills at the outset is vital if the business relationship is to succeed, Ms Loudon believes. Ideally they should be a standout candidate on their own merits, as Ms Watson was.

"Don't choose someone on the basis that he knows me and will help me out," Ms Loudon says. "You've got to make sure their reputation can stand on its own two feet... If you're not objective, you're going to shoot yourself in the foot."

Despite Ms Watson's keenness and suitability for the role, Ms Loudon admits to some initial misgivings. After talking with her co-founder about the likely fallout if things soured, she decided it was a gamble she was willing to take.

The answer would have been different, had the pair been best friends, she adds.

"Don't hire a best friend - there's too much on the line. When you're running a small business it's hard and you need a safe place to run to - you don't want to compromise that."

Small business and franchising consultant Michael Sherlock says her concern is well founded. He's had experience sorting casual gigs for friends' and relations' teens, in his previous role as boss of the Brumby's bakery chain, and has employed friends directly, on a temporary basis, twice. He's learnt that a role shouldn't be offered impulsively, or on emotional grounds, because someone's down on their luck or great company on the golf course.

"You think you know what you're getting - you might know them socially but that doesn't mean you know their ability and work habits." Friends-cum-employees are more likely to push the boundaries, "kissing you hello and walking in when you're busy", Mr Sherlock says. Allowing them to do so can spark resentment among other staff and establishing an appropriate



Jane Watson (left) with her Expert360 employer and flatmate Bridget Loudon.

distance in the office may feel like pulling rank.

Easier to make a mate of an employee than vice versa, agrees Greg Chapman, a business coach at Empower Business Solutions.

"It is fraught - when you work with friends you can quickly lose a friend," he says. "You need to start with a frank conversation... and make sure both parties go in with their eyes open."

Managing below-par friend/employees is especially challenging for small business owners who typically don't have the capacity to carry them.

"There's no place to hide for people who aren't performing," Dr Chapman says. "Small business

owners have got to make payroll every month - it's personal and that makes it much harder if a friend is not carrying their weight."

Setting out the employment conditions and expectations upfront starts the relationship on the right foot, says Gen Y entrepreneur Brook Hornung, whose Melbourne start-up Jelly Time sells 10,000 vodka-based "jelly shots" a month.

He's employed several friends in casual roles and says the problems have been minimal and the upside considerable. "It can be tough to find work - the ability to offer it is great," Mr Hornung says. "It's also good, knowing you're working with people you really like - it makes it less like work."