

Human resources company takes on large headaches for small firms

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Downsizing from 29 to 12 employees presented new complications for Alameda-based software developer, Command Technology Co. Before the cutbacks, the small company was unfamiliar with creating equitable severance packages or writing-up problem employees.

Because of its size and lack of expertise in human resources issues, the company could have created major headaches or worse yet, an expensive lawsuit.

Without proper counseling, Command Technology might have been among the 16,000 employer complaints the California Department of Fair Employment and Housing handled last year. Those cases involve allegations of discrimination in employment based on race, color, religion, gender, ancestry, marital status as well as wrongful termination and discrimination in promotion practices.

"There are a lot of ways you can make mistakes that are costly to the company," said Command Technology President Tim Tetiva. "We don't have in-house expertise to know what the rules and regulations are. You don't go and plead your own civil cases, and you don't do your own human resources."

What Tetiva did was tap into the legion of legal and human resource advisors able to meet a heightened demand for understanding complex hiring, interviewing,

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drug testing and employment contract regulations. Until now most of the professionals offering advice on these issues focus on big companies. One firm, Craig Pratt & Associates in Alameda, is targeting small companies that can't afford to put human resource staff on the payroll or pay for high-priced labor lawyers and consultants. The eight-year-old firm currently manages human resource matters for 55 Bay Area companies.

Pratt's new service offers small companies with up to 50 employees access to professional human resources guidance on an as-needed basis over the telephone. For \$65, his new service provides up to 30 minutes of telephone consultation to guide companies through problem resolution and produce any draft documentation needed, like job descriptions or reprimand letters. This allows small businesses to outsource the work rather than hiring a full-time manager.

"The worries in big companies are not all that different, it's just that there's less room to make mistakes. If you have 1,400 people and one is not performing adequately, you can always shift things around and get by," said Pratt, 47, a 20-year human resource veteran from large corporations, including Hallmark Cards and Standard Oil Co. "If you only have four employees . . . you really have a problem." In the past, smaller companies didn't have to worry about employment-related lawsuits. That tide, according to some experts, is changing.

"These issues of sexual harass-

ment and wrongful discharge have now come down to 50- and 100-person employers. It's not just a Fortune 1000 issue anymore," said Curt Stoller, managing principal for The John Stoller Co. in Walnut Creek. Stoller's human resource consulting fees range from \$150 to \$180 an hour. "It's been a developing issue for the past five years."

According to San Francisco law firm Brobeck, Phleger & Harrison, 49 out of 72 wrongful termination cases were heard at jury trials in 1994 where employees were successful. The average award for such cases was \$463,997. The highest award was \$2.7 million.

"I don't necessarily have the funds to hire big-time people for advice. My bottom-line concern was that we did not get into any litigation," said Cecily Beckwith of Beckwith Associates in Santa Rosa. Beckwith called Pratt after an employee complained of stress on the job, quit and filed for unemployment. Because the playground designer had seven employees, the claim meant major problems and costs.

"Basically a small employer is walking in a mine field. One step in the wrong direction and they are in a lot of trouble," said Wes Keyson, Seabury & Smith, a business liability insurance company in San Francisco.

Still, human resource expertise is valuable even when there aren't any problems. Pratt's company also helps small businesses screen job applicants, develop incentive and benefit packages. "If we advertise for a programmer, we'll get 100 resumes. We just don't have time to deal with all the people," explained Tetiva. "(Pratt) will reduce it down to 25. That helps a lot."