

Retirement Benefits for Employees of Briarbroc LLC.
André du Broc
COMM 3008–Business Writing
Primary Audience-The Shareholders of Briarbroc, LLC.
Secondary Audience–William Christopher Brown Ph.D.
March 25, 2017

Executive Summary

Briarbroc, LLC, a hypothetical hotelier, has an opportunity to strengthen the retention of top customer service talent through the implementation of an enhanced benefits package. It is proposed that the addition of a company-matched 401K retirement plan could be a key strategy in recruitment and retention efforts. It is not only a strategic decision for the long-term benefit of our business, but intrinsic to the ethical business practices that inspire Briarbroc's culture.

Contextualizing the Problem

As an entrepreneur, accepting risks is essential to success. These risks are not accepted blindly, though. The implementation of an enhanced benefit package comes with a financial burden that could affect retained earnings. This should be presented as an associated short-term risk. The long-term benefit of this action must be skillfully communicated to the shareholders of Briarbroc, LLC for such a program to be approved and implemented.

Identifying a Precedent for Solving the Problem

A company-matched 401K plan is neither expected or required of small businesses. There is, however, evidence that such an incentive can have long-term benefits regarding the recruitment and retention of top talent.

Adecco[®], an international temporary staffing agency, while not precisely a "small business," operates its branches as small agencies in their respective markets. Adecco[®] identifies their competitive advantage as being able to recruit and retain the top talent their clients seek. Adecco's[®] comprehensive and generous benefits package is key to achieving this level of recruitment and retention.

Evaluating the Precedent

Briarbroc, LLC aspires to replicate the strength of staffing excellence that Adecco[®] has nurtured through strategic recruitment and retention efforts. A sense of ownership among the staff can have a profound effect on performance and customer satisfaction.

While there will undoubtedly be the challenge of short-term loss of profit due to the initial set-up expenses and associated maintenance fees, the long-term benefit of talented and skilled staff retention could strengthen Briarbroc, LLC's competitive advantage.

Briarbroc, LLC has an opportunity to shape our workplace culture based on the values and ethics that have guided our vision as business-owners. While we must nurture trust among shareholders, we must acknowledge we cannot do so without nurturing trust among stakeholders.

Recommending a Solution

Briarbroc, LLC has been fortunate to enjoy the loyalty of a skilled and talented staff; however, without the proper incentives, this loyalty could wane. It is recommended that a company-matched 401K plan be offered immediately as a gesture of good faith to Briarbroc, LLC's staff. With minimal cost and a potential tax shield benefit, this program will help to secure the level of excellence our customers rely upon, while strengthening the long-term competitive advantage of our company in the ever-growing competition among boutique hoteliers.

Contextualizing the Problem

As an entrepreneur, one must learn to answer the needs of bookkeepers, banks, investors, employees, vendors, clients and customers. One must strike a balance between efficiency and equality, ensuring that resources are maximized and distributed fairly among all stakeholders. The implementation of a 401K retirement plan to employees of Briarbroc LLC is not required of the business, but its benefits to recruitment and retention, at marginal loss to retained earnings could achieve an equitable balance and loyalty among the company's staff.

The Role of the Entrepreneur

Entrepreneurs are essential to growing an economy. They bring new ideas to market, creating jobs and opportunities from, what can seem like, thin air. According to *Forbes* contributor, George Deeb (2015), Entrepreneurs are expected to be risk takers, visionaries, leaders, pit-bulls, and superheroes (para. 2-5). With these expectations comes great responsibility.

As an entrepreneur, I must recognize and honor my own locus of control and develop the skills needed to rally stakeholders around my vision of how my business will operate. I must be able to establish and communicate my personal values to develop my vision of what the culture of my business will eventually become.

The Challenge of the Entrepreneur

There is a struggle in persuading shareholders that equitable treatment of stakeholders is essential to the prosperity and solvency of a business. In Arthur Okun's 1975 book, *Equality and Efficiency: The Big Tradeoff*, Okun poses that the pursuit of equality reduces efficiency and vice-versa (Summers, 2015, para. 13). While economies have changed since 1975, many investors subscribe to Okun's proposal that any distribution of wealth for the sake of equality can result in a less efficient return on their investment.

Given this predisposition, it is plausible that Briarbroc LLC's proposed retirement benefit package will be greeted with skepticism by the company's shareholders who, understandably, desire maximum efficiency in the return on their investment.

Being a Better Entrepreneur

By presenting this proposal to a less receptive audience, I will hone my skills of persuasion to, as described above, communicate my personal values to develop a workplace culture I can be proud to own. I will take a risk to follow my vision, leading my company toward its future even at risk of being perceived as a pit-bull by my shareholders. Ultimately, my decision should result in my being perceived as a superhero by my stakeholders, balancing efficiency with equality.

Identifying a Precedent for Solving the Problem

While 401K retirement plans are not uncommonly offered among larger firms or corporations, smaller businesses tend to minimize employee benefits in favor of maximizing profits for shareholders. Founder and CEO of Small Business Majority, John Arensmeyer, points out that “80 percent of workers employed by businesses with fewer than 25 employees do not have any sort of pension or retirement plan” (para. 2). This is an unacceptable statistic, considering small businesses are responsible for the major portion of the U.S. GDP. Efficiency has essentially trumped equality.

Adecco[®] Staffing Services

Since a mere 20% of small businesses offer a pension or retirement plan to their employees, identifying a proper precedent is a challenge unto itself. Many businesses that offer such benefits rarely tout this in any meaningful public way. Speculation would indicate this nondisclosure is strategic, as shareholders generally value financial efficiency over workplace equality. There are exceptions, though.

Adecco[®] is a temporary employment agency, and though it is not technically a “small business,” with over 70,000 in their job placement roster, each of their over-500 international branches essentially operates as a small business to serve their clients within a geographic region (“About Us,” 2017, para. 2). Why would such a business offer enhanced benefits to their employees when the very nature of their operations relies on turning over their bank of talent as workers are permanently placed with clients?

Adecco’s[®] Competitive Advantage

The two main advantages Adecco[®] has identified as derivative of their generous employee benefits program are precisely the advantages that Briarbroc LLC hopes to garner from the implementation of a similar offering.

Recruitment. Adecco[®] recognizes that the service they offer in their marketplace is the ability to provide top talent to serve their clients’ needs. To recruit this talent, they must offer more than simply an hourly wage. Many skilled jobseekers are discerning when it comes to choosing where they work. Adecco[®] recognizes this need in potential recruits. By offering enhanced benefits, Adecco[®] is finding the best talent “knocking at their door.”

Retention. Loyalty is a virtue in the employee/employer relationship, and one that should be nurtured by both parties. Adecco[®] headlines their mission statement with the slogan, “Better work, Better life” (Adecco, 2017a, para. 10). Adecco[®] identifies their relationship with their associates as a partnership. This relationship is defined in Adecco’s[®] mission statement as a commitment “to shape and achieve their personal and professional goals” (Adecco, 2017b, para. 13). This mission statement should inspire Briarbroc, LLC to examine our retention efforts.

It is this commitment to nurturing the mutual loyalty and commitment to their staff that establishes Adecco[®] as a precedent example of a successful and inspiring implementation of retirement benefits.

Evaluating the Precedent

With Adecco[®] serving as our model, the proposal of offering enhanced benefits to the Briarbroc, LLC staff can be evaluated. The strengths, weaknesses, and ultimately, the ethics of the proposal can be compared to those that have benefitted and challenged Adecco[®].

The Strengths of Offering Retirement Benefits

Briarbroc, LLC has developed a loyal clientele and excellent staff since its formation. It is time to establish long-term strategies for stability and growth. In hotelier Jonas Schwarz Lausten's 2017 interview with Mfonobong Nsehe of *Forbes*, the Danish entrepreneur claims a great deal of his success is based on the philosophy "quantity breeds quality" (para. 15). That is, the more a business is willing to invest, the higher the quality they receive.

Briarbroc, LLC has a remarkable key staff with proven talent for customer service. By offering a company-matched 401K retirement plan to their benefits package, Briarbroc, LLC would essentially form a partnership with the staff to invest in their future. This act meaningfully communicates that our company values our staff enough to help them achieve their long-range goals. In turn, the quality of their customer service and long-term loyalty may be strengthened.

This strategy has worked for our precedent model, Adecco[®]. By investing in their roster of talent beyond what is expected or required, Adecco[®] has been able to successfully maintain their top performers while offering their clients a level of quality temporary personnel few other agencies can compete with.

The Weaknesses of Offering Retirement Benefits

As an incorporated business, Briarbroc, LLC has a duty to its shareholders to maximize profits. In the short-term, offering a company-matched 401K plan to employees will result in a non-required expenditure. Adecco[®] references this challenge in their 2015 SWOT analysis, citing "lower returns than their peers" as a weakness (p. 4). This loss, however, could be considered a short-term investment to secure a long-term benefit or advantage.

The expenditure of set-up and maintenance can be minimized by leveraging the tax credit for all fees and matching contributions. As stated above, this short-term loss could result in a long-term win for our company, by securing the talent needed to compete through incomparable customer service.

The Ethics of Offering Retirement Benefits

When I established Briarbroc, LLC, I envisioned employing a staff of talented, thoughtful people who were instilled with a sense of shared ownership in the business. Gene Mage (2003) of *Business Insights* asserts that "the most significant vehicle for encouraging employee ownership is the tax-advantaged employer 401K plan" (para. 6). This is strong supporting evidence.

Upon my retirement, I wish to know I motivated my staff toward excellence. As Petra Cook (2006) wrote in *Engineering Management*, this can be accomplished by helping them reach their personal goals (p. 32). It is, not only the workplace culture I wish to develop, but it is my duty as a socially responsible business owner.

Recommending a Solution

Many of Briarbroc, LLC's staff have been with the company since its formation. They have meaningfully connected with guests and their level of excellence in customer service is personally considered one of our company's most significant competitive advantages. This talent must be retained for the long-term success of the company.

Given Adecco's® strategy for recruiting and retaining top talent through the implementation of benefits that go beyond what is expected or required, there is great evidence that a similar strategy would serve the long-term growth of Briarbroc, LLC.

Though there will be expenditures, particularly in the first year, associated with the formation and implementation of a company-matched 401K program, these expenses can be effectively minimized by absorbing this cost as a tax credit. I do not expect the retained earnings to significantly diminish due to this action.

In addition to the long-term profit derived through effective recruitment and retention, we have a responsibility as business-owners to create a work culture that serves all our stakeholders. As evidenced by Adecco's® success in the staffing industry, their committed partnership with their workforce through the offering of comprehensive benefits translates into successful relationships with their clients. Briarbroc, LLC's future growth and solvency relies on the customer service talent we offer our customers. We need to recruit and retain such talent.

As the managing shareholder and founder of Briarbroc, LLC, I urge your support in this matter. A small but meaningful investment on our part will have a long-term benefit, not just for our company, but for our talented and skilled staff who have worked diligently to ensure a profitable return.

References

- About us. (2017). *Adecco*. Retrieved from <https://www.adeccousa.com/about-adecco-staffing/>
- Adecco. (2017a&b). *CareerBuilder*. Retrieved from <http://www.careerbuilder.com/company/adecco/C8C4YR6R1534NLT3DDF>
- Adecco S.A. SWOT Analysis. (2015). *Adecco SA SWOT Analysis*. 1-8. Retrieved from <http://web.b.ebscohost.com.libproxy.umcrookston.edu/ehost/pdfviewer/pdfviewer?sid=1ea99938-6dbf-4eb9-a968-5713fa72c9ff%40sessionmgr120&vid=3&hid=101>
- Arensmeyer, J. (2017, March 2). Congress shouldn't retire a rule that helps small businesses provide for their employees' golden years. *The Huffington Post*. Retrieved from http://www.huffingtonpost.com/entry/congress-shouldnt-retire-a-rule-that-helps-small-businesses_us_58b84499e4b0e9d19b926603
- Cook, P. (2006). Breaking the barriers to career progression. *Engineering Management*, 16(2), 31-33. doi:10.1049/em:20060207
- Deeb, G. (2015, November 19). What is an entrepreneur? The ultimate definition. *Forbes*. Retrieved from <https://www.forbes.com/sites/georgedeeb/2015/11/19/what-is-an-entrepreneur-the-ultimate-definition/2/#72d5fe874e16>
- Mage, G. (2003, September 2). Employee ownership is changing the face of business. *Business Insights*. Retrieved from <http://bi.galegroup.com.libproxy.umcrookston.edu/essentials/article/GALE|A125830286/e63a7207a3db5c67ed8c8f5fef50cffa?u=mnaumcl>
- Nsehe, M. (2017, February 13). Meet the Danish entrepreneur who built a boutique hotel in Nigeria. *Forbes*. Retrieved from <https://www.forbes.com/sites/mfonobongnsehe/2017/02/13/meet-the-danish-entrepreneur-who-built-a-boutique-hotel-in-nigeria/#11453ac537cc>
- Summers, L. (2015, May 4). Okun's equality and efficiency. *Larry Summers*. Retrieved from <http://larrysummers.com/2015/05/04/okuns-equality-and-efficiency/>