

Proper Differentiation between Wage and Hourly Employees is Critical

Overview

How many times have you heard company executives say that it is less expensive to hire contract labor than employees? This is not always true. In fact, most often the opposite is true. Making sure there is a clear distinction between contract labor and employees in your company is imperative. The following case emphasizes this point.

Client Introduction

A TV show production company is very successful and growing. They have over one-hundred employees composed of two primary employee groups. One group is internal staff that consists of writers and editors. The other group is made up of production people who do set creation and onsite filming. The internal staff typically work eight hour days. Production people can work anywhere from eight to fifteen hour days or more depending on the required filming schedule.

Lack of Clear Employment Policies

The company's employment manual was confusing and not in compliance with current employment laws and regulations. Ambiguous employment policies led to disagreements, bad feelings and tension between employees and management. There was a great deal of confusion about breaks and overtime payment rules. Day rates were being paid that did not include required overtime compensation.

Lack of proper overtime documentation created a huge liability for the Client. If even one employee had filed a claim and the company was audited, the Client would have owed overtime compensation going all the way back to the first instance for all their applicable employees at exorbitant rates.

In addition, if the company was found negligent in not providing proper times for legally required breaks, they would be subject to employee lawsuits as well as Federal and state penalties for failure to comply with mandated employment laws.

Comprehensive Pay Rates Were Created

The Pacific Crest Group (PCG) wrote two employee manuals. One manual was for the internal staff and a different one for the production employees. The new manuals clearly outlined the policies for each group. Distinctions between exempt and nonexempt overtime employees were made conclusive with examples and illustrations for each segment. Nonexempt employees were properly

classified and contacted to let them know they would be paid overtime for all applicable work.

Day rates were calculated with both overtime and non-overtime pay rates. This made sure all employees were compliant with Federal and state overtime rules. PCG made sure both management and employees were confident that standard employment laws were being implemented.

PCG's Unique Value Added

Every two weeks PCG professionals provide office hours for employees and management to answer questions about employment policies and procedures as well as changes in career paths. Joint training presentations are done with all personnel concerning employment rules and regulations that need to be followed to create a winning culture for everyone. Providing access to trained Human Resource (HR) professionals builds trust between employees and management.

The biggest success for this company was there were no employee claims filed. Management was instructed on how to communicate clear employment policies to employees in a very supportive environment on an ongoing basis. All personnel felt heard, appreciated and valued. Employees and management agreed that when the company as a whole does well everyone does well.

Pacific Crest Group provides professional services that keep your business focused on your key objectives. They create custom made systems based on creative strategies that are always delivered with exemplary customer service.

A PCG professional is happy to meet with you to discuss solutions for your unique requirements to maximize all of your business opportunities.