

## The Hidden Costs of Firing an Employee

Firing an employee is never an easy task for a manager or business owner. It's important to be direct, clear and yet sensitive as this can be a life changing event for the employee. However, your business should come first, and sometimes an employee just doesn't work out. But what are some of the hidden costs of firing an employee for your pub, restaurant or café?

### Filling the Vacancy

If you run a busy pub, restaurant or café, losing a staff member can have a huge knock-on effect. Changes to the roster can be disruptive for both employees and the business, often resulting in paying overtime to make up for the extra shifts. Not only does this put pressure on your current staff, it can impact your customers too, especially if the person who is leaving had a rapport with regular customers. Tip: have you come across Get The Shifts? They supply experienced hospitality staff for irregular shifts with only 3 hours' notice! <http://gettheshifts.com>

### Productivity

There's always a learning curve for new employees, even if they have previous experience in the field.

They will probably have to learn your menu, table and ordering system. On top of this, your current employees must take time out from their own work to help the new hire or train them. Not only does this lead to a loss in productivity, but the supervision required for a new employee during the on-boarding process means you are essentially paying two people to do the same job.

### Paperwork, Administration & Time

Firing an employee means giving official notice to the employee, placing an advert for a replacement or using a recruitment company (which is costly), going through numerous CVs, holding interviews, etc. The importance of time is even more obvious when you've just lost an employee, because you are

probably also short staffed; so extra paperwork is the last thing you want.

### Working Capital

Some of the above costs are hard to estimate but can impact your business in a significant way. It is estimated that losing an entry-level employee can cost your business up to 50% of their annual salary. A small injection of cash may be a good idea for your business, as it should counter any knock-on effect losing an employee may have. A good option is a cash advance as it is short-term finance option. This works with your business, by taking the pressure off your cash flow as repayments are made daily using a portion of your card sales. [Read more](#)

## Credit Scores: Why Do They Matter?

Your credit score represents the financial health of your business and is best known for evaluating the risks involved in lending to your business. However, a good score is also the key to accessing additional capital, competitive interest rates, favourable credit terms and lower insurance premiums. [Read more](#)



### What Do They Use It For?

- Calculating your insurance premiums
- Assessing your likelihood to repay loans
- Evaluating your ability to pay suppliers on time
- Confidence that you'll meet partner obligations
- Assurance that you'll complete customer orders

### Your Credit Score Is Impacted By:

- Your levels of existing debt
- Not paying your suppliers on time
- How up-to-date your accounts are
- Judgements against your business
- The capital structure of your business

### Tips For Improving Your Score:

- Maintain manageable debt levels
- Submit your annual returns on time
- Keep overdrawn balances to a minimum
- Resolve any judgements as soon as possible
- Avoid bounced payments in your bank account

**GRID  
SCORE**

Don't know what your credit score is? At GRID, we want you to know and to help you to improve your score; which is why we share your individual GRID Score with you. The GRID Score is our proprietary credit score, measured between 1-100, and it helps you to understand the financial health of your business. To find out more about credit scores, the GRID Score and how to get or improve yours, visit our Info Hub at [www.gridfinance.ie](http://www.gridfinance.ie)

## Budget 2019: Are You Ready?

### Adjust Your Budget

It may seem obvious, but you should look at how your budget would change if the Government increased the VAT from 9%, or if the minimum wage rises. It's essential that your business has enough cash flow to respond to any increases in your outgoing cash, as a result of such changes. Consider making a second budget alongside the one you have and see how much extra cash you may need in each scenario.

### Gross Profit Margin

How much money have you left after your expenses are paid? Keep track of this figure to work out any patterns or problem areas. Knowing this will help you plan for your business's future. According to *The Balance*, the ideal gross profit margin for hospitality businesses should sit around 20%, so if you find this isn't the case, consider reevaluating your menu and labour costs. If your gross profit margin is already tight, an increase in tax could leave your business floundering;

whereas a margin of 20% gives you room to adjust as needed.

### Portion Control

Every ingredient used in each dish should be measured. Having clear portion sizes, using measuring cups and weighing scales, should help reduce food waste and food cost. Every cent counts; if you are saving 20c per plate by reducing food waste, this may help mitigate costs arising from the upcoming Budget. It should also help you to plan how much food per month you need, allowing you to make better purchasing decisions.

### Cost of Food

The food and drink you sell must cover the cost of everything, from the premises your business is in, to the staff who work there. The general rule is to add on a 30-35% margin to cover these; but run the numbers to make sure it is enough, especially if VAT rates and minimum wages rise. Be mindful to strike a balance between covering costs and still being a reasonable price for your customers.



### Still Unsure?

The lead up to The Budget can be daunting, especially when there are no strong pre-budget predictions. You can only do so much to mitigate the possible effects of The Budget, but the above are a good place to start. However, if you think you may need an injection of working capital before or after The Budget, consider short-term finance like a cash advance. Repayments are a daily percentage of your card machine takings, meaning this works with your business as it takes the pressure off your cash flow. [Read more](#)

## Contact Us

[WWW.GRIDFINANCE.IE](http://WWW.GRIDFINANCE.IE)  
+353-1-524 1615

### The Hill Pub: Improving Customer Experience and Financing Growth:

The Hill Pub, Ranelagh have always put their customer's enjoyment at the centre of their business. They continue to invest in a great experience; as well as serving superb food and having a huge selection of craft beers, they are updating their sound systems and televisions to cater for their customers who are big sports enthusiasts.

*"I found the team at GRID Finance easy to work with and accessible when I needed them. They were also highly professional. I'd 100% recommend them to others if you're looking to grow your business."*

Derek Marsden, The Hill Pub

The GRID Team were delighted to be able to partner with the team at The Hill Pub to finance their continued growth.