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cpa, llc



Can I Hire A New Employee?

Making data driven decisions for growing your
business.

WELCOME!

Hiring a new employee can be a pivotal step in your company's development, but it requires careful financial consideration.

In this guide, we'll walk you through the essential steps and factors to weigh when determining whether your business is financially ready to bring on a new team member.

If you have any questions or would like additional help in making your decision, we would be happy to assist. We can even run projections on what hiring an additional employee would look like at your current or projected revenue.

With respect,

Aligned CPA



ASSESS YOUR COMPANY'S POSITION

Financial Health Check

Review your current financial statements, including your income statement (profit and loss statement), balance sheet, and cash flow statement. This will provide an overview of your business's financial health.

Assess Revenue and Profitability

Analyze your revenue and profitability trends. Are your sales and profits consistently increasing, or are they stable? Make sure your business can cover the added expenses of a new employee without compromising your financial stability.

Consider Your Current Workload

Assess whether your existing employees are at full capacity or if they have the capacity to take on additional tasks. Hiring a new employee should be justified by a genuine need for their skills and labor.

Cash Flow Analysis

Review your cash flow projections to ensure you have sufficient cash reserves to cover the new employee's salary and other expenses, especially if there will be a delay between hiring and increased revenue.

CONSIDER THE INVESTMENT

Budget for Employee Benefits

Factor in the cost of providing benefits, such as healthcare, retirement plans, and paid time off. These costs can significantly increase the total expense of a new employee.

Calculate Return on Investment (ROI)

Estimate the potential return on investment that a new employee could bring. Consider how their work will contribute to increased sales, productivity, or efficiency. A positive ROI is a good indicator that hiring is financially feasible.

Short-Term vs. Long-Term

Distinguish between short-term and long-term financial considerations. Hiring may have an initial cost but could lead to long-term growth and profitability. Ensure that the long-term benefits outweigh the short-term expenses.

Explore Alternative Solutions

Consider whether there are alternative solutions, such as outsourcing, freelancers, or automations, that could fulfill the same tasks without the commitment of a full-time employee.



If you're uncertain about your financial situation or the impact of hiring on your business, it's a good idea to consult with an accountant who can provide personalized guidance.

MAKE YOUR DECISION

Create a Hiring Budget

Once you've assessed all the financial factors, create a hiring budget that outlines all the expected costs associated with hiring a new employee. This will help you track your expenses and make informed decisions. See the next page for a budget worksheet.

Monitor and Adjust

Continuously monitor your financial situation after hiring to ensure that you can sustain the additional costs. Be prepared to adjust your budget and staffing decisions as needed.



By following these steps and conducting a thorough financial analysis, you can make an informed decision about whether or not your business is financially able to hire a new employee. It's crucial to ensure that the decision aligns with your business's long-term goals and financial stability.

BUDGET WORKSHEET

ONE TIME INVESTMENT

Furniture \$ _____

Hardware \$ _____

Misc. Additional Expenses \$ _____

TOTAL ONE TIME INVESTMENT \$ _____

RECURRING EXPENSES

Annual Salary \$ _____

Bonuses/Commissions \$ _____

Payroll Taxes (8%) \$ _____

Retirement Benefits (3%-15%) \$ _____

Software Subscriptions \$ _____

Misc. Additional Expenses \$ _____

TOTAL RECURRING EXPENSE \$ _____

TOTAL MONTHLY EXPENSE

Total Recurring Expense / Divided by 12 \$ _____

WHAT'S NEXT?

When running a business, you need to spend your time working on activities that will make you more money, not paperwork and administrative duties!

- You need to have financial information at your fingertips. Information you can rely on and make decisions from.
- You need someone to provide reliable financial information, develop better accounting systems and processes, and support your business.
- We provide you with experts to track your business' financial operations, but also help you understand them, as well as how to make them better.

Our clients find that it is not only more affordable, but also more accurate, to outsource their accounting to us rather than hire, manage, train, and oversee internal staff.



With the tax code getting more and more complicated, it has been reassuring to have the team at Aligned CPA look over our accounts and prepare our taxes for our businesses and personal taxes.

Sherry Williams, ICS Crematory

Ready to take action?

Aligned CPA is here to help our clients thrive, grow, and reach their goals. [Click here to schedule](#) your Discovery Consultation.

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