



## **FAMILY OFFICE REVIEW**

*...the art and science of wealth*

**September 2011**

### **Ask Teresa**

*In each bimonthly issue, Teresa Leigh answers reader questions about domestic/household issues. Please send your questions to [editorial@familyofficereview.com](mailto:editorial@familyofficereview.com). No issue too big or too small. Anonymity guaranteed.  
Editor*

#### **I have high turnover among my household staff. What could be the cause, and how can I prevent it?**

Teresa says: Consider going to the source, ask your staff. Perform exit interviews with each household staff member to locate the real issue of their departure. It is best to have a neutral third party interview and document employee exits; employees will open up and discuss issues with a third party that they will certainly not divulge to their employers. The most common causes for turnover are low pay, few benefits, or poor treatment, i.e. verbal abuse by employers. If pay and benefits are the problem have a consultant perform a salary and benefits analysis and compare it to your local market to see if adjustments should be made. Turnover is extremely expensive: on average it is seven times the employee's annual salary based on loss in productivity, employer's time, recruiting fees and risk exposure.

#### **Should I have my employees sign confidentiality agreements? I heard they are usually not upheld in court.**

Teresa says: Yes, you should have employees sign confidentiality or nondisclosure agreements, even though they are not always upheld in court, because it sends a message to employees that you will not tolerate the airing of your personal information. Often times the threat of a lawsuit may deter employees from breaking the agreements. You should have employees sign these agreements when they begin the job and as they are exiting the job. Please keep in mind that these agreements hold more value to you as an employer than they do to employees. It's always best to limit the amount of personal information that employees are privy to.

**What are common benefits given to household employees? I'm not sure what to offer.**

Teresa says: The most common and a much appreciated benefits are paid vacation, sick time and holiday time. In order for this benefit to work it must be administered properly: have a written policy in place that defines how far in advance employees must request paid time off and whether or not unused time rolls over from year to year. You also need to allow employees to use at least some of their paid time off at their discretion, not only at a time when your family will be away on vacation. Health insurance is another common benefit (in the United States). If it is not feasible to have a group health plan you can offer to reimburse some or all of an employee's individual health plan premiums. Other examples of creative benefits, depending on where you live, are transportation reimbursement, grocery cards, paid training classes, gym memberships, and air fare for vacations.

**What are the main pitfalls in using a staffing agency to hire household employees?**

Teresa says: 1) lack of confidentiality 2) employer is responsible for the bulk of the work load 3) lack of interviewing skills 4) conflict of interest (the higher the salary the higher the recruiter fees).

Agencies will often share your personal information with 50-plus candidates and other agencies. Many agencies forward candidates' resumes to the client via fax or email and it is up to the employers to sort through the maze of skills and personalities. The business model of staffing agencies is to base their fees on a percentage of the hire's first year salary and reference calls and background investigations are often not a part of the service. If you really feel you must use an agency, check it carefully with several sources. A website does not automatically mean the firm is legitimate. Referrals from friends are not entirely reliable either. Alternatively look at using a private consultant to help with your search.