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Small Businesses See Revenue Gains, Hire Workers

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By JOYCE M. ROSENBERG AP Business Writer

AP

The long-awaited surge in hiring at small businesses appears to be underway. Owners who resisted hiring after the recession are taking on workers to keep up with rising demand for products and services. Companies began stepping up their hiring pace in the spring.

Faulkner Hyundai in Harrisburg, Pennsylvania, is adding seven people to its staff of 92 because new cars are selling at their fastest rate in eight years. The market for used cars is also strong.

"Managers are actually getting involved in selling cars because we don't have enough salespeople," says Paul Selvaggi, president of the dealership and service center.

Faulkner has hired a sales manager, its first new employee since the third quarter of last year. Up next: salespeople, workers to service cars and employees who develop new sources of revenue.

Small businesses held off hiring until they had enough business to justify taking more risks. As recently as March, an American Express survey found 76 percent of owners planned to hire only when their revenue rose.

The ripple effect from growth in construction and consumer spending are feeding the increase, says Susan Woodward, an economist who helps software maker Intuit compile its hiring surveys.

PAMPERING IS BACK

Liliana Aranda's business began picking up in March. Her 4-year-old company, Faces By Liliana, gives facials, massages and other spa treatments in homes or offices in the San Francisco area. Her business has done well since its start, but she never needed to hire. When clients held spa parties for their friends, she looked for freelancers to help.

In early spring, Aranda suddenly started getting more appointments. She attributes the bump in business to people splurging again after the recession and its aftermath.

"They make a point of saying, I've earned this, I'm going to treat myself, and I'm not afraid to spend a little more," she says.

The size of Aranda's spa parties was larger than in the past — 11 to 14 people compared to six to eight. Revenue is up 20 percent so far this year. The increase in business made hiring three part-time

employees who she could always rely on a necessity.

A REGION RECOVERS

The recovery in South Florida's real estate market and economy has allowed Tadd Schwartz's public relations firm to step up its hiring. Schwartz Media Strategies usually hired one or two employees annually the past six years, but in the last three months, he's added three full-time staffers and two interns, putting his payroll at 17. That's up from 12 staffers a year ago.

Schwartz has been confident enough to hire before sealing a deal with new clients. He wants to have enough people on staff to hit the ground running when a contract is signed.

"We want to position our firm so we're not only able to service our clients, but be in a position where we don't have to say no to the right client," he says.

Schwartz Media's revenue is up about 16 percent so far in 2014. If Schwartz lands two or three more big accounts, he says he will start recruiting again.

ORDER FLOOD

Publicity the last few months about Brad Barrett's product Grill Grate sent orders for the backyard grill accessory soaring. Barrett, who was cautious while building his 7-year-old company, had six employees including himself and his wife. He expected that to be enough.

But orders flooded in faster than expected, and over the Independence Day weekend, the Barretts had to fill orders themselves for their product, which creates a raised grilling surface for backyard grills.

"We were inside the entire weekend. We shipped 500 packages the Monday after July 4," he says.

Barrett is now looking for two workers for the Cartersville, Georgia, company — one to help fill orders, and the other to handle administrative and marketing tasks.

"We've waited perhaps a bit too long. Business is up substantially and the six of us are scrambling," Barrett says.

Barrett expected his revenue to grow 40 percent in 2014, but sales of Grill Grate are already up 55 percent from this time last year.

FEWER HOLDOUTS

When Microsoft Corp. ended support for its Windows XP operating system, forcing businesses and people to find alternatives, Marcus Networking was able to hire four people. The end of XP support on April 8 gave the technology seller and consultancy a boost owner Eric Marcus expects will last for several more years. Thousands of companies still need to replace PCs and servers using XP.

"We've only made a small dent in the amount of replacements that need to be done," says Marcus, whose company has 18 employees in Tempe, Arizona, and five in Woodland Hills, California.

The economy is also a factor in Marcus' 29 percent revenue surge this year. Small business clients are hiring workers who need computers. And companies that delayed replacing XP systems because of cash flow problems have more money.

"They're saying, 'we've held out for so long, now we just have to do this,'" he says.