

LEGALITIES OF HIRING, FIRING AND REGULATORY COMPLIANCE

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When a veterinarian decides to “open his own shop” it is often subsequent to a less than ideal experience with working at someone else’s practice or on the rebound from a partnership which has gone bad. The feeling when the new practice is begun, then, is “now I am going to do things my way”. This often involves a number of decisions related to handling things differently in the way of hiring staff.

There are a number of errors which the new business owner should try hard to avoid in selecting the number and quality of the people to be hired in the new practice environment.

ERROR #1: Hiring too many people for the volume of clients.

Personnel are by far the most expensive part of owning and operating an animal hospital. Nonetheless, many new practice owners give in to the urge to have a staff member to handle every possible aspect of practice except diagnosis and treatment of animals. These individuals hope to have someone else to handle pretty much everything that it does not require a doctor to do.

This can be a financially savvy strategy for a very large animal hospital, particularly where there are one or more board-certified practitioners generating a very large fee base. However, for the single veterinarian just starting out in his own practice, having too many staff members can make the difference between financial survival and a failed business.

It is important to remember that for each \$100.00 of salary, there are a multitude of extra expenses which will have to be paid for the luxury of having an employee who receives this amount. That same employee’s \$100.00 pay brings with it about \$7.00 in Social Security and Medicare taxes paid by the employer. There is also workers’ compensation insurance which may come to between \$ 3.00 and \$10.00 depending on the state involved and the safety record of the business. Add on disability insurance, unemployment insurance, vacation pay, sick pay, maternity/paternity pay, and other expenses, it can be pretty costly to have anyone working who is not essential.

ERROR #2: Hiring on the basis of personality and familiarity vs. skill and experience.

Operating a new practice successfully requires efficiency. Employees must be hired with the express expectation that they must stay busy, produce effectively and embrace cross-training. There is no room in the fledgling business, veterinary or otherwise, for employees who cannot produce.

This means that the recruiting process must be exacting. If you plan to have a licensed veterinary technician, why not find one who is more than outgoing and pleasantly chatty?

What the new business really needs is a licensed technician who can field phone calls, identify medical and surgical problems before they turn critical, help train other staff members and generally shy away from any strict adherence to some perceived “job description.”

The same applies to receptionists and other staff members. New business need people who will tackle any task to the very best of their ability. They do not need workers who have been hired merely because they have done something similar in the past, because they are the son or daughter of the veterinarian’s next door neighbor or because they will work cheap.

ERROR #3: Mission signals in the interview process which may alert to future problems.

Veterinarians who have never owned their own shop before have no idea how expensive hiring mistakes can be. (Nor do they usually realize how important it is to terminate an employee reasonably early if it becomes obvious that the worker is not likely ever to work out.)

New practice owners need to be alert to signals which arise during the hiring process and should not abdicate the hiring task to others until they themselves are capable of teaching someone else how to identify potential problems.

Avoiding Potential Unemployment Payments. The time to cut unemployment insurance expenses is during the interviewing process. While making sure not to ask legally impermissible questions, the doctor can find out whether a potential hire is an unemployment risk. Try to find out why the candidate left the last position. Is he looking to leave or did he leave his last job without having somewhere else to go? How much time has been spent out of work? (If it is a lot, this may be a cue that this person has spent a fair amount of time living off someone else’s unemployment insurance policy.)

Avoiding Potential Workers’ Compensation Payments. Once an employee is hired, there is no rule that says that they must stay on if they prove early on that they are a risk to themselves and others. While it is no fun to pay unemployment benefits, it is better to pay them for a limited period than to procrastinate in the firing process and risk having an incompetent employee handling and restraining animals and potentially causing much more expensive workers’ compensation claims. If you hire someone to work with animals, and they prove repeatedly that they are poor at it, they need to go before they or someone else gets hurt and you end up paying the medicals.

ERROR #4 Failing to maintain good employee performance records.

Practice consultants and management gurus talk about record-keeping on employees all the time. They usually cite this as a good way to decide whether to keep or discharge a worker. The need is actually much more fundamental on a legal basis.

Every state and the federal government have laws against firing on a discriminatory basis. Some states even require that you have a good reason to fire someone, other than that you decided to downsize or just didn't care for the employee as a person. How do you meet these legal requirements?

If a good personnel file is maintained, you can show the reason why you decided to fire the worker. Even employee-friendly California permits workers to be let go if they are incompetent or drunk on the job. But you need proof and you need proof that you didn't just come up with the proof the day you decided to carry out the firing. Employee files are a crucial part of complying with labor laws.

Further, if a bias claim is filed against you, the employee personnel files of *other employees* than the one fired may be critical. If you can show that other employees of the same age were retained, age discrimination cases become weak. Racial discrimination claim? Show the administrative law judge a stack of personnel folders with glowing comments about minority employees. The proof is in the proof and if you aren't creating it, no one else is going to help you when time comes to show that proof to a judge.