

South Dakota Disadvantaged Business Enterprise

Newsletter

August 2024



Article 1-3
Mastering the Basics: Calculating
Labor and Equipment Costs

Upcoming Training..... 4
& Events

Announcements 4

Upcoming Bid Lettings 5-6

Regional Lettings 5

Invitations To Bid 6-9

Welcome New DBEs..... 10

Article11-13
Navigating Workplace Hostilities in
Small Business: A Practical Guide

Mastering the Basics:

Calculating Labor and Equipment Costs for Small Contracting Companies

by Project Solutions Inc. Team

For any small contracting company, accurate cost estimation is vital to ensuring profitability and long-term success. Miscalculating expenses can lead to underbidding projects, eroding profit margins, or even incurring losses. To avoid these pitfalls, it's crucial to understand how to calculate labor and equipment costs accurately.

Labor Costs

Labor is often the most significant expense for construction projects. Calculating labor costs involves more than simply multiplying the number of hours worked by the hourly wage of each employee.



First, you need to consider the hourly rates of your workers, which vary based on their skills and roles. Skilled trades like electricians or carpenters typically command higher wages than general laborers. To begin, estimate the number of hours each worker will spend on the project. This can be done by breaking down the project into phases and assigning a realistic timeframe for each phase.

Next, factor in additional costs beyond wages. These include payroll taxes, which vary by location but typically include Social Security, Medicare, and unemployment taxes. Benefits such as health insurance, retirement contributions, and paid time off must also be included. Workers' compensation insurance, which is mandatory in most places, adds another layer of cost. Summing these up will give you the true cost of labor, also referred to as the fully burdened rate.

Calculating Cost Using a Productivity Rate

One way to calculate labor cost for a project is by using internal company data to determine a labor productivity rate. To find productivity rate follow this formula:

$$\text{Productivity Rate} = \frac{(\text{\# of workers in a crew}) \times (\text{\# of hours in workday})}{\text{\# of units crew can install per workday}}$$

The “# of units crew can install per workday” is based on job costing data compiled by the company over several projects or years in business. To see an example of this formula, let's look at an example:

Objective: Install 1,000 feet of fencing | **Crew:** 3 | **Workday:** 8 hours

$$\text{Productivity Rate} = \frac{(3 \text{ workers}) \times (8 \frac{\text{hours}}{\text{day}})}{200' / \text{day}} = 0.12 \text{ hours per foot}$$

Based on internal company records, on average, this team can install 200 feet of fencing per day. That includes breaks, lunches, and routine work, corrections, and training. By knowing this information, paired with the number of crew and total hours of the workday, you can calculate a productivity rate of 0.12.

Now that we have the productivity rate, it's time to calculate labor cost by using the formula below:

$$\text{Labor cost} = (\# \text{ of hours to install 1 unit}) \times (\# \text{ of units to install}) \times (\text{hourly pay rate for entire crew})$$

Note that “# of hours to install 1 unit” is the productivity rate. Let's refer back to our example:

Objective: Install 1,000 feet of fencing | **Crew:** 3 | **Workday:** 8 hours

$$\text{Labor cost} = (\# \text{ of hours to install 1 unit}) \times (\# \text{ of units to install}) \times (\text{hourly pay rate for entire crew})$$

$$\$7,920 = 0.12 \times 1,000 \times 66 (\$22\text{hr/ for three people})$$

Multiplying the productivity rate (0.12) by the number of units to install (1,000 feet of fencing) by the total hourly pay rate for the crew (\$22/hr each, multiplied by three people) results in a labor cost of \$7,920 for this project.



Equipment Costs

Equipment costs can vary greatly depending on the project and the type of machinery required. For small construction companies, equipment costs can include both owned and rented machinery.

If the equipment is owned, you must account for its depreciation, maintenance, and operating costs. Depreciation is the gradual reduction in the value of the equipment over time due to wear and tear. To calculate it, divide the purchase price of the equipment by its expected lifespan. This will give you the annual depreciation cost, which can then be apportioned to each project based on the hours the equipment will be used.

Maintenance costs include routine service, repairs, and parts replacements. Operating costs typically involve fuel, lubricants, and other consumables. For rented equipment, the calculation is more straightforward, as you simply multiply the rental rate by the number of days or hours the equipment will be in use.

To calculate the hourly cost of equipment, you'll need to consider several factors that contribute to the total cost of operating and maintaining the equipment. Here's a step-by-step method to determine this:

1. Calculate Total Equipment Cost:

- **Purchase Price:** The initial cost of buying the equipment.
- **Installation Costs:** Any expenses related to setting up the equipment.
- **Maintenance Costs:** Estimated ongoing maintenance and repair costs.
- **Financing Costs:** If applicable, include interest payments and other financing fees.
- **Depreciation:** The equipment's loss in value over time.

Total Equipment Cost = Purchase Price + Installation Costs + Maintenance Costs + Financing Costs - Salvage Value

2. Determine Equipment Useful Life:

Estimate how long the equipment will be used, usually in hours. For example, if you expect to use the equipment for 5 years and you anticipate 2,000 hours of use per year, the useful life in hours would be:

Useful Life in Hours = Number of Years × Hours per Year

3. Calculate Depreciation Cost per Hour:

Depreciation helps spread the cost of the equipment over its useful life.

Depreciation Cost per Hour = (Total Equipment Cost - Salvage Value) / Useful Life in Hours

4. Calculate Hourly Maintenance Cost:

Estimate the annual maintenance cost and then divide it by the number of hours the equipment is used per year.

Hourly Maintenance Cost = Annual Maintenance Cost / Hours per Year

5. Calculate Hourly Financing Cost:

If applicable, determine the annual financing cost and divide it by the number of hours per year.

Hourly Financing Cost = Annual Financing Cost / Hours per Year

6. Add All Hourly Costs:

Sum up the depreciation cost per hour, hourly maintenance cost, and hourly financing cost (if applicable).

Total Hourly Cost = Depreciation Cost per Hour + Hourly Maintenance Cost + Hourly Financing Cost

Bringing It All Together

Once you've calculated labor and equipment costs, you'll need to determine your overhead costs and rate and combine them to estimate the total cost of a project. Adding a margin for profit, typically a percentage of the total cost, will give you the final bid price.

Accurate cost estimation is essential for staying competitive in the contracting industry. By carefully calculating labor and equipment, small construction companies can ensure they remain profitable while delivering high-quality work to their clients. With a solid grasp of these calculations, you'll be better equipped to manage your business's finances and secure its long-term success.

Upcoming Training & Events

Sept. 4-30 **Lean Construction Education Program**

Weekly Online Classes
Wednesday, September 4 through
Monday, September 30, 2024
12:00 PM - 3:00 PM CDT
AGC Member Price: \$2,645
Non-member Price: \$3,425

[Learn More>](#)

Sept. 10 **USDOT Office of Small and Disadvantaged Business Utilization (OSDBU) Pathways of Entrepreneurship (P2E): Powering Small Businesses in Emerging Transportation Markets**

Webinar
Tuesday, September 10, 2024
8:00 AM - 3:00 PM CDT | Free

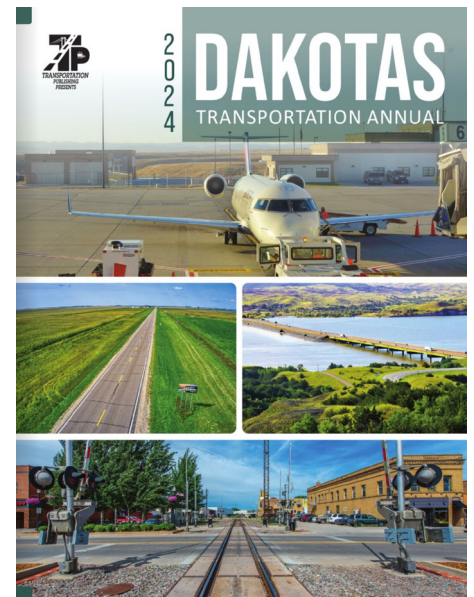
[Learn More>](#)

Sept. 25 - 27 **South Dakota Trucking Association's 89th Annual Convention**

1906 Deadwood Mountain Drive
Deadwood SD, 57732
Wednesday, September 25 through
Friday, September 27, 2024

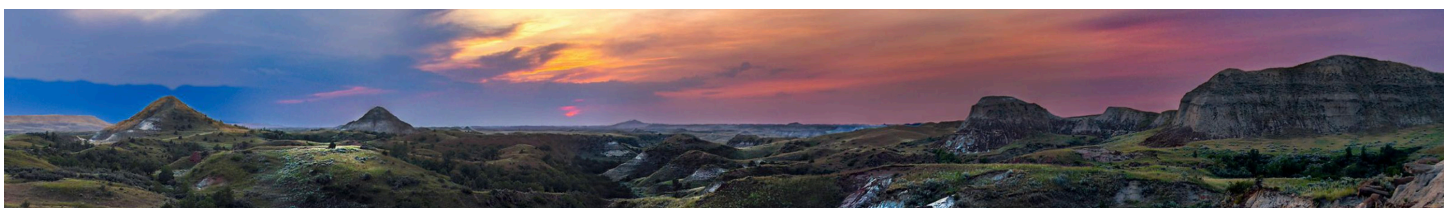
[Learn More>](#)

Announcement



The Transportation Publishing's 2024 Dakotas Transportation Annual magazine is now available. The magazine features highway, airport, and transit projects in North and South Dakota, federal funding, Tribal infrastructure plans, a Q&A with the AGC, and much more.

[Click here to view the magazine.](#)



Upcoming Bid Lettings

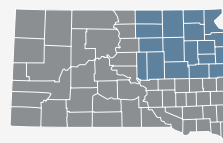
For August 21, 2024

1. BRF 6545(05) (PCN 08NQ); Lawrence; Structure Removal (254' Steel Girder); Structure E Boundary of Whitewood on the Whitewood Service Rd over Co Rd & the RCP&E RR SN 41-211-100
2. IM 0291(136)9 (PCN 08PN); Union; Replace Joints, Bearings, Box Girder End Repair; I29 - Exit 9 (Jefferson) & Exit 15 (Elk Point) over I29
3. IM 0901(200)1 (PCN 07D3); Lawrence; Polymer Chip Seal, Joints, Approach Slab Repair; I90 E & W - Strs 1.7, 2 E of the WY State Line, Interch over Schenk Lane, 3, 1.3 W of the US85 Interch, EBL Off Ramp 0.3 W of the US85 Interch & 1.0 SE of the SD34 N Interch
4. IM-NH-P 0023(69) (PCN 097F); Clay, Union; Pavement Preservation; Various Locations in the Yankton Area
5. PH 8007(214) (PCN 091E); Brown; Guardrail Installation; 378th Ave over Richmond Lake
6. PH 0020(242) (PCN 09FL); Brookings, Hutchinson, Kingsbury, McCook; Centerline Rumble Stripes & Durable Pavement Markings; Mitchell Region

For September 4, 2024

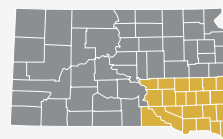
1. BRO-B 8058(27), BRO-B 8058(28) (PCN 086G, 086J); Spink SWPPP = 2.79 AC; Structure (155' Prestressed Girder & 166' Prestressed Girder) & Approach Grading; Structure 1 S & 2.8 W of Redfield on 175th St over Turtle Creek SN 58-062-270; Structure 1.0 E & 1.5 N of Redfield on 172nd St over Turtle Creek SN 58-109-240
2. BRO-B 8051(16) (PCN 085Q); Moody SWPPP = 0.15 AC; Structure (162' Continuous Concrete) & Approach Grading; Structure 7.5 E & 2 S of Trent on 242nd St over Pipestone Creek SN 51-195-220
3. IM 0902(18)101 (PCN 035F); Pennington SWPPP = 9.00 AC; Replace Structure ((2) 394.5' Prestressed Girder Bridges), Approach Grading, Asphalt Surfacing; I90 E & W - Strs 3.3 E of the Wasta Interchange Over Bull Ck
4. IM 0293(113)78 (PCN 065E); Minnehaha SWPPP = 1.40 AC; LSDC Overlay, Approach Slabs, Approach Pavement, Approach Guardrail, Steel Piling Repair; I29 N & S - Strs 0.3 N of 26th St over Skunk Ck, Over 12th St (Exit 79), 0.3 N of 12th St over Ellis & Eastern RR

Regional Lettings



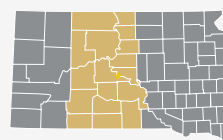
Aberdeen Region

None.



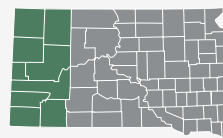
Mitchell Region

None.



Pierre Region

None.



Rapid City Region

None.

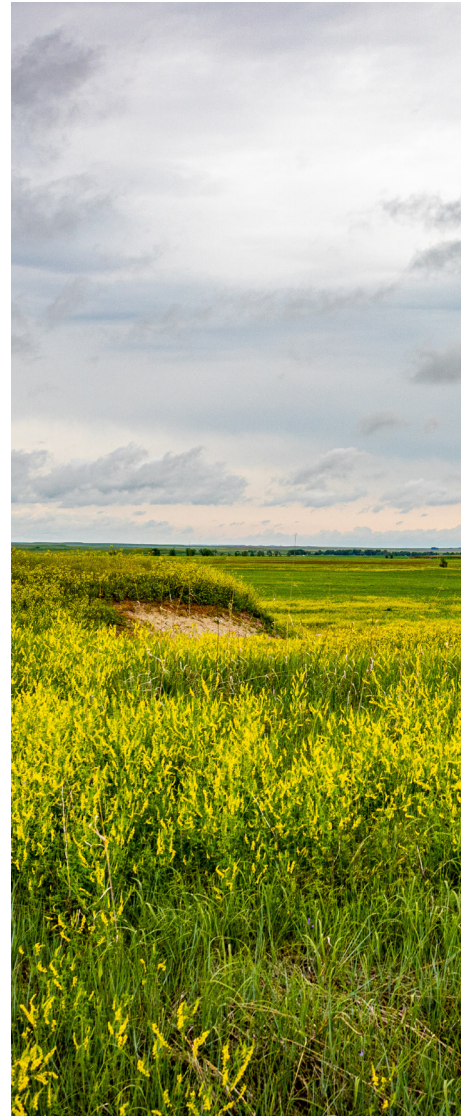
[For listings please visit the SDDOT website's Regional Lettings here](#)



5. IM-P 0033(32) (PCN 06FD); Jones, Lyman; Pipe Work; Various Locations Throughout the Winner Area

Anticipated for September 18, 2024

1. 04FC, 06N3; Oglala Lakota; Urban Grading (46k cuyd), Curb & Gutter, Storm Sewer, Lighting, PCC Surfacing (15k SqYd), ADA, Signal; US18 - In Pine Ridge Fm 2 Blocks N of SD407 to E of Indian Health Rd; SD407 - In Pine Ridge Fm Cherry Hill Ct to US18
2. X06L; Oglala Lakota; Replace Water Line; US18 - In Pine Ridge Fm 2 Blocks N of SD407 to E of Indian Health Rd
3. 06X7; Stanley; Slide Repair, Erosion Control, Pipe Work; US14 - Fm 8 E to 11 E of Hayes
4. 06EG; Brown, Edmunds, Marshall; Pipe Work; Various Locations Throughout the Aberdeen Area
5. 09Q9; Pennington; Replace Sewer Lines; I90 E & W - Eastbound & Westbound Wasta Rest Area
6. 09C9; Bon Homme; Intersection Lighting; SD37 - SD46 Jct
7. 07X5; Regionwide; County Pavement Marking; Various Locations in the Aberdeen Region



Invitation to Bid

Invitation to Bid #1:

The Office of the State Engineer on behalf of the South Dakota Department of Social Services

Electronic bids will be accepted by the State Engineer on behalf of the South Dakota Department of Social Services at <https://sddb.com/wp-content/uploads/2024/08/invite.pdf> until **August 22, 2024 at 2:30 PM CT** for the **MCN Campus Activities Gymnasium Air Conditioning, Human Services Center, Yankton, South Dakota**, OSE# H1324--01X.

There will be an on-site pre-bid meeting on **Thursday, August 8, 2024 at 10:30 AM CT**. All bidders can meet at the Human Services Center Physical Plant Conference Room, Yankton, South Dakota. This pre-bid meeting is optional but is the bidders only opportunity to review the site. Campus contact is Mike Magorian, 605-660-1027, Mike.Magorian@state.sd.us. OSE contact is Todd Baack, Todd.Baack@state.sd.us 605-280-4360.

Copies of the Plans and Specifications may be obtained by bidders at the office of KPE-Consulting Engineers, Inc, 3555 Farnam Street, Suite 406, Omaha, NE 68131. A/E Contact: Dan Strain, 402-291-1444, DStrain@kpeinc.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.

Each bid in excess of \$100,000.00 must either pre-mail a certified check, cashier's check, or draft in the amount of 5% of the base bid and all add alternates and drawn on a State or National Bank to the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, SD 57501-3182, or upload a copy of their 10% bid bond to their electronic bid issued by a surety authorized to do business in the State of South Dakota and made payable to the Department of Social Services of the State of South Dakota. The DSS reserves the right to reject any or all bids and to waive any irregularities therein. All active bids can be found here: <https://boa.sd.gov/state-engineer/advadvertisements.aspx>

Office of the State Engineer

Published twice at the total approximate cost of _____.

Invitation to Bid #2:

The Office of the State Engineer on behalf of the South Dakota Game Fish & Parks

Electronic bids will be accepted by the State Engineer on behalf of South Dakota Game Fish & Parks at https://www.sd.gov/cs?id=sc_cat_item&sys_id=c2712804933fc2106a0176786cba1022 until **August 22, 2024 at 3:30 PM CT** for the **Water Line Infrastructure, Replacement Sewer Upgrades CAT 5.11, Newton Hills State Park, Canton, South Dakota**, OSE# G2123--24X/ARPA.

There will be a remote pre-bid meeting held via video conference on **August 8, 2024 at 3:00 PM CT**. Prospective bidders must email Mike Finken in advance to receive an invitation to attend the video conference. Prospective bidders may visit the site at any time. Campus contact is James Gilkerson, 605-773-4521, James.Gilkerson@state.sd.us. OSE contact is Steven Palmer, steven.palmer@state.sd.us 605-295-1215.

Copies of the Plans and Specifications may be obtained by bidders at the office of DJ&A, P.C., 6221 E Silver Maple Circle, Suite 1, Sioux Falls, SD 57110. A/E Contact: Mike Finken, 605-800-1767, Mike.Finken@djanda.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.

Each bid in excess of \$100,000.00 must either pre-mail a certified check, cashier's check, or draft in the amount of 5% of the base bid and all add alternates and drawn on a State or National Bank to the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, SD 57501-3182, or upload a copy of their 10% bid bond to their electronic bid issued by a surety authorized to do business in the State of South Dakota and made payable to the Bureau of Human Resources and Administration of the State of South Dakota. The BHRA reserves the right to reject any or all bids and to waive any irregularities therein. All active bids can be found here: <https://boa.sd.gov/state-engineer/adv-advertisements.aspx>

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Invitation to Bid #3:

The Office of the State Engineer on behalf of the South Dakota Game Fish & Parks

Electronic bids will be accepted by the State Engineer on behalf of the South Dakota Department of Game Fish & Parks at https://www.sd.gov/cs?id=sc_cat_item&sys_id=a156d49187374a10a086bae9cebb35e1 until **August 27, 2024 at 3:00 PM CT** for the **Waterline - Replace CAT 5.11, Lake Herman SP (Department of Game Fish & Parks), Madison, South Dakota**, OSE# G2123--18X/ARPA.

There will be a remote pre-bid meeting held via video conference on **August 12, 2024 at 3:00 PM CT**. Prospective bidders must email Mike Finken in advance to receive an invitation to attend the video conference. Prospective bidders may visit the site at any time. Campus contact is James Gilkerson, 605-773-4521, James.Gilkerson@state.sd.us. OSE contact is Steven Palmer, steven.palmer@state.sd.us 605-295-1215.

Copies of the Plans and Specifications may be obtained by bidders at the office of DJ&A, P.C., 6221 E Silver Maple Circle, Suite 1, Sioux Falls, SD 57110. A/E Contact: Mike Finken, 605-800-1767, Mike.Finken@djanda.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.

Each bid in excess of \$100,000.00 must either pre-mail a certified check, cashier's check, or draft in the amount of 5% of the base bid and all add alternates and drawn on a State or National Bank to the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, SD 57501-3182, or upload a copy of their 10% bid bond to their electronic bid issued by a surety authorized to do business in the State of South Dakota and made payable to the Bureau of Human Resources and Administration of the State of South Dakota. The BHRA reserves the right to reject any or all bids and to waive any irregularities therein. All active bids can be found here: <https://boa.sd.gov/state-engineer/adv-advertisements.aspx>

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Invitation to Bid #4:

The Office of the State Engineer on behalf of the South Dakota Department of Social Services

Electronic bids will be accepted by the State Engineer on behalf of the South Dakota Department of Social Services at https://www.sd.gov/cs?id=sc_cat_item&sys_id=b4510dee937742506a0176786cba10f2 until **August 27, 2024 at 2:00 PM CT** for the **MCN Campus, Door Hinge Retrofit, Human Services Center, Yankton, South Dakota**, OSE# H1324--04X/SWMR.

There will NOT be a pre-bid meeting. Campus contact is Mike Magorian, 605-660-7799, Mike.Magorian@state.sd.us OSE contact is Todd Baack, Todd.Baack@state.sd.us 605-367-7165.

Copies of the Plans and Specifications may be obtained by bidders at the Office of the State Engineer, 4900 S. Minnesota Ave., Sioux Falls, SD 57108. A/E Contact: Todd Baack, 605-367-7165, Todd.Baack@state.sd.us. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.

Each bid in excess of \$100,000.00 must either pre-mail a certified check, cashier's check, or draft in the amount of 5% of the base bid and all add alternates and drawn on a State or National Bank to the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, SD 57501-3182, or upload a copy of their 10% bid bond to their electronic bid issued by a surety authorized to do business in the State of South Dakota and made payable to the Bureau of Human Resources and Administration of the State of South Dakota. The BHRA reserves the right to reject any or all bids and to waive any irregularities therein. All active bids can be found here: <https://boa.sd.gov/state-engineer/adv-advertisements.aspx>

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Invitation to Bid #5:

The Office of the State Engineer on behalf of the South Dakota Department of Game Fish and Parks

Electronic bids will be accepted by the State Engineer on behalf of the South Dakota Department of Game Fish and Parks at https://www.sd.gov/cs?id=sc_cat_item&sys_id=2b0a16f697bbc2507fc1b480f053afef until **September 5, 2024 at 3:30 PM CT** for the **Waterline - Replace CAT 5.11, Game, Fish & Parks (Randall Creek RA), Pickstown, South Dakota**, OSE# G2123--34X/ARPA.

There will be a remote pre-bid meeting held via video conference on **August 21, 2024 at 10:00 AM CT**. Prospective bidders must email Stan Hanson sthanson@houstoneng.com in advance to receive an invitation to attend the video conference. Prospective bidders may visit the site at any time. Campus contact is John Bechard, 605-773-3078 John.Bechard@state.sd.us. OSE contact is Steven Palmer, steven.palmer@state.sd.us 605-295-1215.

Copies of the Plans and Specifications may be obtained by bidders at the office of Houston Engineering, 1401 21st St. Fargo, ND 58102. A/E Contact: Stan Hanson, 605-271-0378, sthanson@houstoneng.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.

Each bid in excess of \$100,000.00 must either pre-mail a certified check, cashier's check, or draft in the amount of 5% of the base bid and all add alternates and drawn on a State or National Bank to the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, SD 57501-3182, or upload a copy of their 10% bid bond to their electronic bid issued by a surety authorized to do business in the State of South Dakota and made payable to the Bureau of Human Resources and Administration of the State of South Dakota. The BHRA reserves the right to reject any or all bids and to waive any irregularities therein. All active bids can be found here: <https://boa.sd.gov/state-engineer/adv-advertisements.aspx>

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Invitation to Bid #6:

The Office of the State Engineer on behalf of the South Dakota Department of Game Fish and Parks

Electronic bids will be accepted by the State Engineer on behalf of the South Dakota Department of Game Fish & Parks at https://www.sd.gov/cs?id=sc_cat_item&sys_id=21dca7fe973706507fc1b480f053af82 until **September 12, 2024 at 3:30 PM CT** for the **Dump Station Replacement CAT 5.2, Department of Game Fish & Parks (Oahe Downstream RA), Pierre, SD, OSE# G2123--41X/ARPA.**

There will be a remote pre-bid meeting held via video conference on **August 21, 2024 at 9:00 AM CT**. Prospective bidders must email Aaron Miller aaron.miller@dgr.com in advance to receive an invitation to attend the video conference. Campus contact is John Bechard, 605-773-3078, John.Bechard@state.sd.us. OSE contact is Steven Palmer, steven.palmer@state.sd.us 605-295-1215.

Copies of the Plans and Specifications may be obtained by bidders at the office of DGR Engineering, 1300 S Highline Avenue, Sioux Falls, SD 57110. A/E Contact: Aaron Miller, 605-339-4157, aaron.miller@dgr.com. Anyone requesting, reviewing, or copying Plans and Specifications for this project agrees that they are doing so for the sole purpose of submitting a bid on the project. Bidder further agrees the Plans and Specifications are the sole property of the State.

Each bid in excess of \$100,000.00 must either pre-mail a certified check, cashier's check, or draft in the amount of 5% of the base bid and all add alternates and drawn on a State or National Bank to the Office of the State Engineer, Joe Foss Building, 523 East Capitol Ave, Pierre, SD 57501-3182, or upload a copy of their 10% bid bond to their electronic bid issued by a surety authorized to do business in the State of South Dakota and made payable to the Bureau of Human Resources and Administration of the State of South Dakota. The BHRA reserves the right to reject any or all bids and to waive any irregularities therein. All active bids can be found here: <https://boa.sd.gov/state-engineer/adv-advertisements.aspx>

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Welcome New DBEs!

Newly Certified Firms:

Anderson Contractors, Inc.

Building construction and remodeling. Box culverts, bridge repair, concrete work, erosion control.

Contact: quotes@andersoncontractors.com | (605) 223-3244

P.O. Box 442, Pierre SD 57501

Chandler & Campbell Investment Group, LLC

Airport operations and concessionaire, administrative and management consulting, equipment and supplies wholesaler.

Contact: certifications@ccdglobal.org | (404) 643-9747

310 Vizcaya Dr., Palm Beach Gardens FL 33418

Nickel & Dime Material, LLC

Project management, scheduling and estimating, material orders, negotiations.

Contact: kaley@nickelanddime.online | (726) 200-3139

4905 Windmill Prairie, Seguin TX 78155

Gil Berry and Associates

Environmental, management, logistics, and technical services consultant, surveying and mapping, building and computer equipment wholesaler.

Contact: gilberry60@gmail.com | (412) 720-1448

200 Center Street, McKeesport PA 15132

Guy Engineering Services, Inc.

Engineering, surveying, and mapping services.

Contact: rebecca@guyengr.com | (918) 437-0282

6910 E. 14th St., Tulsa OK 74112-6618

Marathon Reprographics, Inc. dba MySmartPlans

Computer programming, training, system design, commercial printing, and business service center operations.

Contact: dominick.armato@mysmartplans.com | (816) 221-7881

803 Armstrong Ave Suite Level B, Kansas City KS 66101

Avero, LLC

Computer system design services.

Contact: info@averoadvisors.com | (865) 415-3848

512 W. Broadway Ave., Maryville TN 37801

Navigating Workplace Hostilities in Small Business: A Practical Guide

The small business environment, often characterized by close-knit teams and shared goals, is not immune to the challenges of workplace hostilities. These issues, ranging from subtle microaggressions to overt discrimination, can create a toxic work environment, diminish morale and productivity, and even lead to legal repercussions.



While larger organizations often have dedicated human resources departments to manage such matters, small businesses with limited resources must take a proactive and strategic approach to address these challenges head-on. Workplace hostilities encompass a wide range of behaviors that create a hostile, intimidating, or offensive environment for employees. These behaviors can stem from various sources, including personal biases, cultural differences, power imbalances, or plain carelessness.

Overt Signs of Workplace Hostilities

- Clearly verbalized, written, or acted-out hostilities are the easiest to recognize—if you're aware of them. Whether subtle or overt, it's in your best interests as a small business owner to be aware of both. Overtly hostile actions not only violate fundamental principles of respect and dignity but can also create a climate of fear and intimidation—leading to high turnover rates and difficulty attracting top talent.
- Racism, sexism, LGBTQ-phobia: These forms of discrimination are rooted in prejudice and stereotypes, and can manifest in various ways, from derogatory remarks to unfair treatment.
- Political arguments: In today's polarized political climate, heated political discussions can easily escalate into conflicts, creating a hostile work environment.
- Inappropriate humor: Jokes that target or belittle certain groups of people can be hurtful and offensive, even if intended as harmless fun.
- General uncooperativeness and ego-driven behavior: A lack of teamwork, refusal to compromise, and a focus on personal gain over collective goals can create a toxic work environment. Keep in mind that a healthy ego is polite and assertive, while a damaged ego is uncivil and aggressive.

Subtle Signs of Workplace Hostilities

Workplace hostilities are not always as obvious as blatant harassment or discrimination. They can manifest in subtle ways, making them difficult to identify and address. Seemingly minor comments or actions, while often unintentional, can convey hidden biases and create a hostile environment for marginalized groups.

These subtle slights can accumulate over time, leading to feelings of exclusion, diminished self-esteem, and decreased productivity. In turn, this can fuel aggression or uncooperativeness towards the original aggressor. This creates a feedback loop of bad behavior, hurt feelings, and a loss of a healthy team environment and employee engagement.

- **Microaggressions:** Seemingly minor comments or actions that, whether intentional or not, communicate hostile, derogatory, or negative messages to individuals based on their marginalized group membership.
- **Passive-Aggression:** Indirect resistance to requests or demands, often expressed through procrastination, stubbornness, or deliberate inefficiency.
- **Gaslighting:** Manipulating someone into questioning their own sanity or perceptions, often by denying or distorting reality.
- **Exclusion:** Purposely leaving individuals out of conversations, meetings, or social activities based on personal biases.

The High Stakes of Ignoring Workplace Hostilities

Ignoring workplace hostilities is a dangerous gamble for small businesses. Left unchecked, these issues can lead to a domino effect of negative consequences. Employees who feel unsafe or marginalized are less likely to engage fully in their work, resulting in decreased productivity and innovation. Low morale can spread like wildfire, leading to absenteeism, high turnover rates, and difficulty attracting new talent.



Moreover, workplace hostilities can create a hostile work environment, exposing the business to potential legal action. Discrimination and harassment lawsuits can be costly, both financially and in terms of reputational damage. In the age of social media, news of a hostile work environment can spread quickly, tarnishing the company's image, and making it difficult to attract customers and partners. Thus, ignoring workplace hostilities is not an option. Left unchecked, these issues can lead to:

- **Decreased productivity:** Employees who feel unsafe or uncomfortable at work are less likely to perform at their best.
- **Low morale:** A hostile work environment can breed resentment and dissatisfaction among employees, leading to high turnover rates.
- **Legal issues:** In some cases, workplace hostilities can escalate into harassment or discrimination, exposing the business to potential lawsuits.

Actionable Strategies for Workplace Hostilities

While the challenges of workplace hostilities are real, small businesses are not powerless. By implementing proactive strategies and fostering a culture of respect and inclusivity, they can create a workplace where everyone feels safe, valued, and empowered to contribute their best.

1. **Crafting a Culture of Zero Tolerance:** Establishing a zero-tolerance policy towards workplace hostilities is a crucial first step. This policy should clearly define unacceptable behaviors, outline reporting procedures, and specify consequences for violations. It's important to communicate this policy effectively to all employees, ensuring they understand the expectations and their rights.

- Define what constitutes workplace hostilities.
- Clearly state that such behavior will not be tolerated.
- Outline the consequences for violating the policy.
- Provide a confidential reporting mechanism for employees.



2. Cultivating a Culture of Open Dialogue: Open and honest communication is essential for addressing workplace hostilities. Create a safe space where employees feel comfortable raising concerns without fear of retaliation. Encourage regular feedback through anonymous surveys, suggestion boxes, or one-on-one meetings. By actively listening to employees' concerns, you can identify and address potential issues before they escalate. When a complaint is made, take it seriously and investigate it thoroughly. Document all complaints and actions taken. Ensure confidentiality throughout the process. If necessary, involve a neutral third party to mediate disputes.

3. Leading by Example: As a business owner, your actions speak louder than words. Demonstrate a commitment to inclusivity and respect in your own behavior. Be mindful of your language, challenge stereotypes, and treat everyone with fairness and dignity. By setting a positive example, you can inspire others to follow suit.

4. Providing Comprehensive Training: Invest in training programs that educate employees about different forms of workplace hostilities, their impact, and how to respond to them. Training should cover topics such as unconscious bias, microaggressions, conflict resolution, and bystander intervention. By empowering employees with knowledge and skills, you can create a more inclusive and respectful workplace. Training should cover:

- Different types of workplace hostilities and their impact.
- Bystander intervention techniques.
- Conflict resolution strategies.
- The company's policies and procedures for addressing complaints.

5. Encouraging Collaborative Problem-Solving: When conflicts arise, encourage employees to work together to find solutions. Facilitate open dialogue, promote active listening, and emphasize the importance of finding common ground. By fostering a collaborative approach, you can turn conflicts into opportunities for growth and understanding.

6. Seeking External Expertise: If internal efforts are not sufficient to address workplace hostilities, do not hesitate to seek external help. Consult with employment law experts, diversity and inclusion consultants, or mediators to gain insights and develop effective strategies for resolving complex issues.

7. Celebrating Diversity: Embrace the diversity of your workforce as a strength. Encourage employees to share their unique perspectives, experiences, and cultural backgrounds. Organize events and activities that celebrate diversity and promote intercultural understanding.

A Final Word on Workplace Hostilities

Managing workplace hostilities is an ongoing journey that requires vigilance, empathy, and a commitment to continuous improvement. By taking proactive steps to prevent and address these issues, small businesses can create a workplace culture that thrives on respect, inclusivity, and collaboration. Not only is this the right thing to do, but it's also a smart business strategy that can lead to increased productivity, innovation, and long-term success. Remember, a harmonious work environment is not just a goal; it's a fundamental building block for a thriving and sustainable business.