

Many of them have had the choice to work with her or with her competitors; most chose her.

"I'm not a company that sits on something for 30 days, so I've established a good reputation in the market," she says. "I always try to pay within a few days of billing, sometimes 10 days if things get hectic."

Despite the benefits of outsourcing, there is a downside. Maas ran into heavy confusion when different products were warehoused in different locations. The routing and packing functions became difficult when orders called for multiple products. The problem was greatly alleviated when she consolidated her warehouses.

For those who are considering outsourcing major functions of their operations, Maas offers this advice:

- Use industry connections to locate vendors. For example, Maas asked tube manufacturers which companies were the best and most dependable at filling the specific tubes she used.
- Draw up contracts and take your time negotiating them. Retain the services of an attorney with expertise in business contracts. "Expectations of both parties should be in writing, with mutually agreed-upon responsibilities spelled out," she says. Maas learned the hard way when she gave a rush order to a firm she had not dealt with previously. "I was in a hurry, and that caused me a great deal of problems," she explains.
- Understand that your vendors have other clients. Be considerate of their schedules, give them proper notice to take care of your orders, and pay promptly. "If you treat them the way you want to be treated, they are often willing to work overtime when you need them to," Maas explains.

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A day off and a dollar short Companies fined for docking salaried workers for leaves of absence

By Steven Mitchell Sack

Few companies are aware of recent U.S. Department of Labor regulations that penalize employers who grant partial-day, unpaid leaves of absence to salaried workers.

Recent changes in federal overtime rules may make employers liable for back-pay judgments if they grant salaried workers part-time or unpaid leaves or dock them for taking time off. Recently, an employer had to remit \$875,000 in overtime back pay to its workforce for permitting some workers to take unpaid part-time leaves.

The Fair Labor Standards Act

According to the act, any time worked in excess of 40 hours per week by an hourly worker must be paid at a rate not less than one-and-one-half times that employee's regular pay rate. Employees "employed in a bona fide executive, administrative, or professional capacity" are exempt from this requirement.

Typically, a salaried professional is not entitled to receive overtime pay. However, think twice about granting unpaid leaves. The Labor Department ruled recently that if a company permits salaried persons to take time off without pay, they must be treated like hourly employees.

The same is true for companies that dock salaried employees who take time off. For example, if a company docks a sales manager for taking a day off, it then owes the manager overtime for all hours over 40 that were worked in a given week.*Once any professional worker is classified as hourly, the company is liable for all

overtime incurred during the past two years for that employee and all similarly situated employees. Thus, in another case, a company that docked a worker \$3,300 was ordered to pay nearly \$750,000 to him and 23 others.

Companies may want to consider suspending, except in family emergencies, any partial- or full-day unpaid leaves for salaried professionals. Also, rethink flexible work arrangements and "time off without pay" policies.

If your company offers compensatory leave plans, such as those described above, speak to your attorney immediately, or anonymously contact your state's Labor department or the Wage and Hour Division of the U.S. Department of Labor.

Classify employees correctly as exempt or nonexempt from overtime compensation. The penalties for error can be stiff. Employers who fail to pay required overtime

Employers offering unpaid leaves may be making costly mistakes.

are liable for the unpaid overtime compensation and an equal amount as liquidated damages, plus attorney fees and costs. Damages also include earned overtime up to three years back, plus punitive damages.

FINAL TIPS: Give workers as much advance notice as possible if they are expected to stay late; rotate overtime; maintain a roster recording each worker's overtime; and establish rules as to how the roster system will work.

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