

How to handle the cost of living conversation at your startup

It's been a tough couple of years for our household finances. Rising prices are the British public's number one concern, 4 in 10 energy bill payers are struggling to afford payments at the moment and a third are finding it difficult to pay their mortgage.

Temps de lecture : minute

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Inflation may have cooled from the head-spinning highs seen in 2022, but it's still double the Bank of England's 2% target. And with forecasts suggesting energy bills won't drop to pre-pandemic levels *for a decade*, what can startups do to support staff who continue to struggle with the cost of living crisis?

Don't bury your head in the sand

Turning a blind eye to the very real issues your employees are grappling with will only breed disengagement. Yes, it can feel awkward to talk about the cost of living crisis when you're the one paying employees' wages. But instead of letting discomfort govern actions, find practical ways to make staff better off and make a genuine difference to their financial (and emotional) wellbeing.

Set expectations explicitly

Pay, bonuses and benefits really matter. Set clear expectations with your team around these aspects so they know where they stand, what to expect and what is still uncertain.

You have all the more reason to do this if you anticipate wage growth to be lower than usual this year. It's far better to be upfront than to hold onto this news until an employee's next pay review. Failing to be transparent risks staff thinking companies are using the cost of living crisis as an excuse to pay them less.

Handle conversations sensitively

The cost of living crisis isn't just having an impact on peoples' finances - it's affecting mental health and wellbeing, too.

Train managers to handle cost of living conversations sensitively, with an awareness of both its financial and mental consequences. Make sure they understand which questions to ask, what tools and solutions you offer as an organisation, and what the next step is should they be concerned about somebody's wellbeing.

Opening the door for honest conversations about how the cost of living is affecting staff shows them that you care and creates a safe environment for people to raise concerns and ask for help.

Look at ways to solve the problems at source

Every household has bills to pay. And it's an unwelcome fact that those bills are becoming less affordable. Focus on financial wellbeing solutions that harness technology to tackle this issue head-on, without adding to employees' to-do lists.

At Nous, we manage employee' household bills, finding them better deals so they can access significant savings (around £500 per person per year on average). For a typical salary, savings like this have as much impact as a 2% pay rise.

You might also look at other financial initiatives, such as auto-enrollment savings schemes or investing masterclasses, to help people's money go further. Other support, like loans for train travel or childcare costs, or access to mortgage advice, can also show that you are cognisant of challenges.

Carve out time in the workday for people to engage with cost-of-living support

Offering cost-of-living support is pointless if no one engages with it. Employers are in a unique position to help people tackle financial problems they've been putting off by allocating time during working hours to do it.

90% of us are overpaying on our household bills and Loyalty Scamming is rife. Unless we dedicate hours of our free time to optimising every contract, we're set up to fail. Use your convening power as an employer to carve out time for your team to understand the problem - and engage with tools that can fix it.

Conclusion

When it comes to handling the cost of living conversation at your startup, it's important to lead with transparency, empathy and action that makes a genuine difference. The right approach and financial initiatives can save employees money, without becoming unaffordable for your business. Plus, they can help with productivity, engagement and wellbeing when budgets are squeezed.

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