REGION III

CHAPTER Q

COMMENTS BY
SMALL BUSINESS PERSONS OF THE YEAR

September, 1979

THE PENNSYLVANIA TECHNICAL ASSISTANCE PROGRAM (PENNTAP),
A PUBLIC SERVICE OF THE PENNSYLVANIA STATE UNIVERSITY AND
THE COMMONWEALTH OF PENNSYLVANIA, UNDER A CONTRACT FROM
THE U.S. SMALL BUSINESS ADMINISTRATION'S OFFICE OF ADVOCACY,
HAS MANAGED THIS ECONOMIC PROJECT TO ANALYZE THE PAST AND
CURRENT STATUS OF AND TO MAKE RECOMMENDATIONS FOR THE
FUTURE WELFARE OF SMALL BUSINESSES IN REGION III.
EDITOR'S NOTE

A proclamation by President Carter established May 13-19 as Small Business Week in 1979 and the occasion was to include selection of Small Business Persons of the Year in the states and for particular areas such as law, the media, banking and research.

The President noted "that small business has been the economic backbone of American life since the earliest colonial days...They are 13.9 million businesses in the United States today, and 13.4 million are small, including nearly three million farms. Together, they provide employment for over half the business labor force and account for more than 48 percent of the gross national product."

A. Vernon Weaver, SBA administrator, and Milton D. Stewart, SBA's Chief Counsel for Advocacy, explained that outstanding business persons were selected in cooperation with SBA advisory councils on the basis of contributions to their communities, innovation of their products or business start-up procedures, response to business adversity and length of time in business. They did not have to be involved in SBA programs.

Six of those honored were from Region III. To augment the direct research involved in this study of small business environment, the six business persons were invited to provide additional input from the private sector by commenting on the problems and needs of small business.

Three of the six provided comments and their contributions to this volume are on the following pages.
The greatest problem facing small business is morale.
This starts with the word "small", also interpreted by lenders and investors as "temporary", and extends to the word "business" which to the average working man means "high, unfair profits."

In reality, no business is small in terms of government regulation or paperwork and, even if profits are high, they are never high enough to generate the cash needed to provide operating capital, compensating balances at the bank, income taxes, payroll taxes, property taxes, business and occupation taxes, accounting services to prepare tax reports, legal services to explain government regulations, retirement and medical plans for employees, and have any money left as a salary for the boss.

To be small and survive in a land of giants, one must be agile. Without government assistance, however, there can be no venture capital -- but the strings that come with money from home include when to be in bed, and how to cut your hair in seventeen copies, with the original kept in your fireproof file.

Your request to change capital funding must be preceded by permission to request and followed by an environmental impact study, projections for the next five years, and at least one graph of how fast mold grows on whole wheat bread in a corner cupboard for them to put you on the docket for the next regional meeting.

And how is my morale?...Damn the torpedoes -- I'm applying for a Full Speed Ahead permit on form number 874.6B!
It is very difficult for small businesses to afford the high cost of product liability insurance. This is especially true for those small businesses that are engaged in high risk and/or pioneering of new products.

I believe that provisions should be made by the Small Business Administration or other appropriate government agencies to provide this type of insurance protection at reasonable rates.
SMALL BUSINESS PERSON OF THE YEAR

MARYLAND

RICHARD BERNSTEIN
President
K & L Microwave Inc.
Salisbury, MD

First, I must say I do not believe small businesses are faced with any greater problems than those faced by larger companies; however, small business is handicapped in searching for solutions to the magnitude of problems. Generally, the government forms and paperwork, reports and censuses, audits and reviews create extra work, but more important, extra time must be devoted to these problems by the small businessperson. Many times they cannot justify the hiring of an extra person. A large business can delegate these responsibilities to qualified individuals. Time spent by the small businessperson partonizing government agencies or bureaucracy is time which could be better spent being more productive and efficient in running his business.

I had the opportunity during SBA Week to listen to several congressional committees. I got the impression that when legislation is under consideration to reduce "business taxes" many other congressional committees must review the proposal to determine the effect of the loss of revenue caused by the reduction. My comment is simply this, why doesn't the SBA review legislation to determine the cost impact to businesses before legislation affecting businesses is passed. It is quite obvious that OSHA and EPA have not only been time consuming to the businessperson, but also expensive. I think the SBA should become a stronger advocate for the small businessperson.

I consider myself quite fortunate in that I have been able to prosper and my company has been able to grow despite obstacle after obstacle. I have been audited by the IRS, Labor Department, OSHA, DCAS, Sales Tax Department, locally by the Health Department and Fire Department, and I must say we feel quite fortunate that violations and objections were minor. My concern here is that not one agency ever approached us to help us, to give us advice, or to make us aware of the laws and our obligations. Every agency auditing us was more concerned with finding fault, errors, or omissions of guilt or stupidity than in trying to help the businessperson. All the agencies assume that the businesspersons' ignorance is not an excuse.
My concern is not for myself, because I have been fortunate to recognize that I cannot do everything and therefore, I seek help and advice from professionals and experts before I venture into murky waters. I believe that most small business problems could be solved if these agencies would realize the limitations of the businesses they deal with. My fears are that the Mom & Pop businesses are rapidly become extinct because the rewards just aren't worth the headaches, the pains, and the aggravations; not in its dealings with its customers, but in its dealings with our government and its bureaucracy.