



Small business moves its act to Washington

By Penny Wright
special writer

The needs are basic. The good health (some say survival) of small business depends upon: keeping an advocacy voice in Washington, better access to capital financing and easing the burden of taxation.

But as local delegates prepare to attend the White House Conference on Small Business in Washington, D.C., Aug. 17-21, they question who will be listening to their concerns. Congress, which passed legislation for the conference, will be on summer recess. President Reagan, who signed the bill into law, will be vacationing at his California ranch.

"Why hold the conference in August?" asked Pearl Holferty, an accountant and partner with Plante & Moran and part of the Michigan delegation. "We don't know what's behind this. It's questionable whether the administration is interested in our concerns."

Farmington Hills delegate Daniel Nemes called small business owners "an uncomfortable burr in the President's saddle," noting that the conference is convening two years later than Congress intended.

"We've got problems," Nemes, president of the accounting firm of Nemes Allen & Leiko, Birmingham. "Most of the time our problems fall through the cracks because we don't have the political clout of big business and labor."

THE CONFERENCE is the third White House convention devoted to the problems of the small-business community. President Roosevelt started the practice in 1938. In 1980, President Carter hosted the second conference.

The conference provides a national forum for discussing the problems of businesses employing fewer than 500 employees. The starting agenda contains more than 300 recommendations. By the end of the conference, the list will be narrowed to 40 items targeted for legislative action.

Livonia resident and owner of JGP Marketing Group International, Jeanne Paluzzi said one of the main problems small business owners face is federal lawmakers' indifference to the impact of small business on the economy. She cited a national survey that indicated small businesses generate 80 percent of the new jobs and account for approximately half of the nation's output of private goods and services.

Paluzzi views the conference as an opportunity to increase awareness. "Our presence in Washington will serve as a reminder. We are here, don't ignore us."

While such issues as federal tax policies, helping small business enter international markets, and improved entrepreneurial education will claim plenty of attention, local delegates selected the three issues likely to generate the most discussion:

- Preserving the U.S. Small Business Administration as an independent agency.

The White House has recommended moving the agency's functions to the Department of Commerce. Richard Francis, a Birmingham resident and director of merchant banking with Carleton Ward & Co., Birmingham, termed such a move unjustified and devastating to the small business community.

"We would be lost in the bowels of democracy if the SBA moved to the Commerce Department," Francis said.

Francis, the 1985-86 president of the Small Business Association of Michigan, said the SBA is the advocate for small business and works through the Senate and House small business committees.

"Under the Commerce Department, we would be dominated by the big corporation viewpoint. The Small Business Administration should be elevated to a cabinet-level position."

Besides its advocacy role, the agency runs a loan guarantee program and offers management assistance to businesses.

Francis added that as long as the current director, Charles Heathery, considered many business owners as anti-small business, remains at the SBA helm, the mood of the conference will be distrustful and angry.

"I had a personal commitment from the White House that Heathery would be removed before the conference."

- Capital formation.

Area delegates say that access to capital for startup or expansion is limited. Providing new tax incentives to financial institutions that make loans to small firms would ease the problem.

Michael Morton, vice president of Ludot Personnel Services, a professional and technical recruiting firm in Southfield, noted that small business investment is unattractive. He favors Small Business Participating Debentures (SBPD) as a way business owners can obtain financing.



art by RENE ENRIGHT

"Currently investment in small business is an equity investment, and profits are taxed as corporate and as a dividend. With SBPDs, a business owner could sell an equity-type of security without giving up control of the company." Both investor and owner would receive favorable tax treatment under the plan.

- Liability insurance.

Southfield's Holferty describes the liability crisis as a two-pronged issue — high rates and lack of availability are leaving businesses without coverage, and those that remain covered are prey to unlimited claims. "Small business owners can't survive in such a climate. We need federal legislation to set limits on liability awards and encourage lower and more available insurance coverage."

MICHIGAN'S 61-member delegation is composed of 40 selected at a state business conference last September and 21 delegates selected by Gov. Blanchard and Michigan's congressional representatives. The delegation represents a cross-section of the commercial community with such enterprises as retail outlets, insurance and investment firms, consulting companies, marketing agencies, a Coney Island restaurant and a trucking firm.

"We have a tremendous group of people in our delegation," Pearl Lipner, co-chair of the conference delegation, said. "Unlike other states, there has been a coming together of this group in terms of philosophies and priorities."

Lipner, who owns two Southfield firms, Melange Limited, a non-U.S. luxury items import company, and Image Express, a film and tape editing business — is the first woman to co-chair a Michigan delegation to the White House conference.

"Over 35 percent of all conference delegates are women. There are 19 women in our delegation," Lipner said. "The women are hard-working business people who share the concerns of male delegates."

Most delegates are optimistic that the conference will net legislative gains for small business. Southfield's Morton noted, "After the 1980 conference two-thirds of the recommendations were enacted. I believe we'll have better results this time. We are getting better at this process."

E. Jill Pollock, co-owner of Arbor Consulting Group in Plymouth, and a West Bloomfield resident, voiced a similar view:

"Our people are well-prepared and very professional. Look for the Michigan delegation to take a leadership role at the conference. We have a lot of power, and we expect Congress and the White House to listen to us."

OTHER AREA conference delegates are: Susan Funk of Livonia, president of Detroit Bandag; Adalno Laforest, president of Health Care Professionals, Southfield; Robert P. Miles, president of Business Expo of Southfield; Thelma J. Scott of Southfield, president of New Detroit Nursing Center; Judith Trepoek of West Bloomfield of Grey & Trepoek, Birmingham; Belhanna Simpson of Rochester, Avon Art & Graphics, Rochester; John Hendry of Hendry Convalescent Home, Plymouth; Wilhelm Kast of DP Corporate Services of Livonia; Bernadette Krupa of Southfield, president of Michigan Word Processing, Southfield; David Leonard of Bloomfield Township, president of Leonard Brothers Moving & Storage of Troy; Frank McMurray of Canton, State Farm Insurance, Canton; and Donovan Miller of Troy, partner of Linden, Klein, Israel & Ross of Southfield.

Railing on small business's message

Trying to get across the idea that "small business is the economic engine driving the nation's economy," seven members of the Michigan delegation to the 1986 White House conference on Small Business will travel via rail to Chicago to link with the Chicago train to Washington.

The Chicago train will be joined by delegates from other states along the route to the conference to be held Aug. 17-21.

The delegation will be wearing engineer's caps and will be led Saturday by "Chief Engineer" Michael J. Morton, vice president of Ludot Personnel Services of Southfield. Upon arrival in Washington, the midwest and western delegates will join delegations from New England and Georgia.

Morton said the train ride will



give delegates the opportunity to meet informally and will feature briefings by delegates and outside experts on the issues and personalities involved in the conference.

"We'll have 2,000 people who own their businesses raising Cain in Washington, D.C.," he said. "We'll get some attention from government. I promise you that."

"Politicians listen to big business. We contribute as much or more, but big business gets all the attention."

"Small business is fragmented into small segments, and heretofore has never been as united as it is right now."

MORTON POINTS to these factors in stressing the importance of small business:

- There are more than 180,000 small businesses in Michigan.
- During the 1980-82 recession, Michigan lost 85,000 jobs that were mostly from the big business sector.

During that time the Michigan small-business sector generated 50,000 new jobs.

- One half of the Michigan workforce is employed by small business. About 1.5 million are working for firms with fewer than 500 employees.

- Only 0.3 percent of all U.S. firms — fewer than 15,000 — have more than 500 employees.

- Small business employs about half of our private work force, contributes 42 percent of sales and generates 40 percent of the gross national product.

Area residents joining Morton on the rails will be Bernadette Krupa of Southfield; David Leonard of Bloomfield Township; Donovan J. Miller of Troy; and Daniel J. Nemes of Farmington Hills.

the first \$500,000 of qualified properties purchased per year.

- Enact the national product liability legislation sponsored by Sen. John Danforth, D-Mo. Danforth's bill would preempt state laws by creating a national standard for product liability.

- Pass enabling legislation to permit the chartering of Business and Industrial Development Companies (BIDCOs).

- Conduct a national conference on the status of entrepreneurial education in primary and secondary schools.

- Include representatives from the small business community on all federal boards and commissions dealing with issues relating to small business.

SBA survival, liability key conference issues

The road to the 1986 White House Conference on Small Business Aug. 17-21 had its roots in a 1980 White House conference where a resolution was passed that another conference be held. In 1984, President Reagan signed a bill into law requiring this conference be held no later than Sept. 1, 1986.

In preparing for next week's conference, 600 state small-business owners met in Dearborn last September to discuss issues and select delegates. The state will be represented in Washington by 40 elected delegates and 21 appointed by Gov. Blanchard and Michigan congressional representatives. The delegation will be chaired by John Vander Ploeg of Kalamazoo and Pearl Lipner of Detroit. They will meet with almost 1,800 other small business owners from the other 49 states to discuss the concerns of small business and recommend legislation.

Key issues include the survival of the Small Business Administration as an independent agency, federal deficits and liability insurance reform.

Michigan's final recommendations to be presented at the conference include:

- Expand the surtax exemption for corporations to \$200,000 per year.
- Privatize public services wherever possible.
- Limit the investment Tax Credit to



Lost
and
Found

We're looking for those
people who have
interrupted their education...

Perhaps they have had a year or two of college and now want to go back...
Perhaps they want to change careers or enhance their current career...
Perhaps raising the family interrupted their education...
Perhaps they now realize the importance of a college degree...

IF THIS IS YOU—CALL US
We specialize in the Personal Touch

1431 E. 12 Mile
Madison Hts.
542-7225

4801 Oakman
Dearborn
582-6983



Where Education Gets Down To Business