

How's Business? Depends on Who You Talk To

By Eileen Anderson

One of the functions of SMC Government Relations is to gather information from member businesses, finetune our legislative agenda and get the message to lawmakers and candidates. Last November I spoke with several businesses about the impact of the recession and their ability to create jobs. Last week I called them back for an update.

A small manufacturer of wire products reported a business increase of 20% since November. She said nothing worked well until April 2010. 2008 was their best year ever but then in April 2009 the bottom fell out. They did not lay off workers, but the work force has declined through attrition. No raises have been given. She eliminated two large trade shows and cut back on advertising and is trying several smaller shows and some new email marketing techniques. One of her concerns is she now has fewer employees who are by necessity multitasking while complying with regulations and laws is getting more difficult and complex.

A small business that services the coal industry was booming in 2009 and increased sales by several hundred thousand over 2008. This year he will meet his benchmark year and will exceed 2009 by \$500,000. His challenge is his suppliers who can't make parts fast enough. The Department of Environmental Protection and Environmental Protection Agency regulations have forced some of his suppliers to close. Two of his suppliers can't pay their bills so he is becoming a major investor in both of those companies, saving jobs and businesses while ensuring a steady flow of parts for his own business. He would like to hire one or two workers, but he has trouble getting qualified help.

"Everyone wants a job, but no one wants to work," he says.

A company that produces food ingredients and sells food-processing equipment reported the food industry is almost recession-resistant. They are not prospering, but work has been steady and there have not been layoffs. The past several years have been good although equipment sales have slowed down in 2010. The outside influences having the most impact on his company are taxes and regulations. He finds the food safety, family and medical leave regulations, and the taxes and regulations from the new health care law to be "mind boggling." They create a huge administrative burden for small business. "Business people will react by changing their behavior and hiring fewer employees."

Last fall a small tool and die shop was barely able to keep the lights on. They had no long-term anticipation of growth, no momentum and were just going week to week. His largest customers had money for capital expenditures but weren't spending. Business has picked up. He is running at 80% of capacity. Laid off workers have been back on the job since February. They are moving beyond just doing regular



Before the recession...



What it's like today.

maintenance and machine work for customers. He is concerned about the new health care law, regulations and taxes and has no plans to expand even if he has a substantial increase in business.

Last November a manufacturer of steel products felt like he had no control. Employee's hours were cut back. Customers ordered just in time inventory and smaller orders. He lost some market share to Chinese competitors. In 2008 he did 80-85% of his benchmark year. In 2009 he did just 60% of his benchmark year.

Since then, business has improved month-by-month from December through April and now has leveled off. He is using some new targeted marketing and is seeking new market opportunities. All employees are working 40 hours and even overtime due to attrition from retirements. He has not hired replacements but may if a planned new project is successful.

The business has been in his family for more than 100 years and has a good history of providing decent jobs with good wages. He conceded, "It's a struggle to stay in business in a global environment."

These companies give us our message to lawmakers and candidates. The recovery is uneven. The mix of uncertainty caused by the new Affordable Health Care act, more complex regulations, and tax burdens along with fewer employees is making it a challenge for small businesses to stay afloat and remain competitive. ▼

Editor's Note: This originally appeared in SmallBizBeat, SMC's blog about small business. You can read more at smcbc.wordpress.com. Eileen Anderson is vice president of Red Clay Tile Works and SMC's Government Relations manager. She can be reached via e-mail at eileenanderson@smc.org.

Photographs by Andy Anderson