

# GOVERNMENT AND OTHER ASSISTANCE TO SMALL BUSINESSES<sup>1</sup>

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**Abstract.** There are more than 46,000 tree and landscape service companies in the U.S.A. according to the most recent government census. The majority of these firms are good, experienced arborists/landscapers, but they have little or no formal business training. Assistance to Green Industry small businesses is available from numerous government agencies, educational organizations, commercial and trade associations, financial groups and business consultants. Some of these free or low cost businesses management assistance resources are available to tree or landscape service companies wherever they are located, but they need to look for them. Tree and landscape business owners must truly "Become Business Professionals as well as Tree Professionals" in order to prosper and survive in today's economic and regulated society.

**Résumé.** Il y a plus de 46,000 firmes d'arboriculture et d'aménagement paysager aux États-Unis selon le plus récent recensement gouvernemental. La majorité de ces firmes sont bonnes, avec des arboriculteurs et des paysagistes expérimentés, mais ont peu ou aucune formation professionnelle formelle. De l'assistance pour les petites entreprises de l'Industrie Verte est offerte par plusieurs agences gouvernementales, les organisations éducationnelles, les associations commerciales et professionnelles, les groupes financiers et les firmes de consultants. Plusieurs de ces sources d'assistance gratuites ou peu dispendieuses pour les petites compagnies d'arboriculture et d'aménagement paysager sont disponibles partout où elles sont situées, mais les compagnies doivent au moins les rechercher. Les propriétaires des compagnies d'arboriculture et d'aménagement paysager doivent vraiment devenir "des professionnels d'affaires autant que des professionnels des arbres" de manière à prospérer et à survivre dans l'économie et la société réglementée d'aujourd'hui.

Do you need help in running your business? Where can you learn to operate your business more profitably? Experienced and professional operational, managerial and financial advice and assistance are available free, or at nominal cost, to the "Green Industry Small Business" just for the asking.

There are more than 46,000 tree and landscape service companies according to the most recent U.S. Bureau of Census survey of Agricultural Services. Only 5,400 (11%) of those firms employ 20 or more persons. The Federal Government defines small business as a firm with less than \$3,500,000 in sales. Consequently, most "Green Industry" firms qualify as small

businesses, and the owner/operator must perform many functions including field operations, climbing, planting, sales, marketing, financial, accounting, etc.

A recent national survey of small business firms revealed the following "Sources of Information for Running Their Businesses":

*Owner's spouse	61%
*Accountant	51%
*Bankers	41%
*Trade publications	30%
*Personal advisor	23%
*Local newspaper	20%
*Owner's lawyer	19%
*Business oriented TV	12%

This confirms that most small business owners are not aware of the business management resources that are available to them.

Our perception of the "Green Industry Small Business" is a very hard working, dedicated, horticulturally competent person who is working long hours *and* in many cases is not realizing adequate financial return for his or her efforts. These people know where to go for answers to their tree disease and insect problems, but not their business problems.

Probably the least known and under-utilized business resources are the various assistance programs provided by local Chambers of Commerce, universities, banks, accounting firms, etc., to new, expanding or established firms. Whether your business is a one or two person enterprise or a multi-state operation, there are business assistance programs that can benefit you. ACRT, as a recently formed employee-owned small business, has direct experience and knowledge on how these programs work and how they could benefit you.

Our first recommendation is to identify yourself as a new, existing or expanding business by joining the Chamber of Commerce and learning what local, regional and state assistance and programs

1. Presented at the annual conference of the International Society of Arboriculture in San Antonio in August 1986.

are available. Once you get on their mailing lists, all future mailings and program announcements are automatically sent to you.

Small business assistance can be categorized into five principal sources:

- A. Governmental—federal, state and local
- B. Educational—universities, secondary and proprietary schools
- C. Associations—Chambers of Commerce, International Society of Arboriculture, National Arborist Association
- D. Financial—banks, venture capital groups
- E. Business—Accounting firms, management consultants, National Federation of Independent Businesses

Some, if not all, of these resources are available wherever you are, but you need to look for them!! As a Green Industry Business you need to work **Smarter not Harder** to increase your profits.

"The Small Business Resource Guide", provided by American Telephone and Telegraph, is an excellent reference booklet and overview of business assistance options. There is a brief description of each program, with addresses and telephone numbers. That booklet is available from Braddock Publications, Inc., 1001 Connecticut Avenue NW; Washington, DC, 20036.

A listing of the various Small Business Administration pamphlets and booklets is available from your local SBA office. A business owner can realize more profit by taking the time to read and utilize these business resources than by raising prices!!

### **Governmental Assistance**

The Small Business Administration is the principal federal agency responsible for developing and coordinating programs. Most dealings with the SBA are best handled at the local district or regional office level. Many regional offices conduct monthly business educational programs on various topics, and the cost is usually \$10.00. For instance, in Northeast Ohio, at Cleveland, there are monthly SBA workshops on "How to Start a New Business." Contact your local SBA office and get on their mailing list; there is no charge.

Additionally, the SBA funds Small Business Institutes at various University Schools of Business

Administration. These Small Business Institutes also provide training workshops and direct assistance to business owners. When you have a business related problem, contact the local Small Business Institute if there is one in your area. Frequently they will assign graduate business students to perform a case study of your problem under a faculty member's guidance. The only cost for this to your business will be the time required by you to define your needs to the students and answer their questions. ACRT has very successfully used this program.

Guaranteed and/or direct loans to new and expanding small business is a major SBA function. Generally local banks make the loan to the business and apply to the SBA to guarantee 90% of the loan. These loans are usually 1½ to 2 points above the prime lending rate. The SBA can make direct loan if you are found to be credit worthy and have been unable to obtain financing from three banks. Both the local bank and the SBA require a business plan, income statement and balance sheet to justify the loan. It is easier to borrow money for capital items (i.e., trucks, equipment, materials, building, etc.) than for operation capital to meet payroll and expenses.

SCORE - Service Corps of Retired Executives, also funded by SBA, provides one to one direct response to your business problem needs. Contact your local SCORE chapter—the local SBA office has their address—define your needs to SCORE, whether it's assistance in financing, accounting, marketing, etc. SCORE will locate and pay a retired business executive who can help you. You must sign a paper for SCORE stating that you will not offer any money to the SCORE person helping you. This is another resource—ask for and use the assistance.

Other major federal business assistance is:

\*Each governmental agency has an Office of Small and Disadvantaged Business Utilization which assists firms in getting contracts.

\*Procurement Automated Source System (PASS), a free government operated computerized listing of your business capabilities. Then whenever a federal, state or local governmental agency is looking for the type of service your company provides, you will automatically get a bid notice.

State government assistance is usually provided by the business or economic development departments or Small Business Development Centers (SBDC). In Northeastern Ohio there is a SBCC in each county. Many states have toll free numbers to call for business or economic assistance.

**Educational Assistance**

Programs on the various aspects of running a business are available at all levels. In most states, the local high schools or vocational schools are funded to provide evening or Continuing Education classes in business management. There are three of those programs within 15 miles of ACRT's Kent office. Numerous private business schools provide training in accounting, management, finance, etc.

Our personal experience with all these programs, unfortunately, is that the Green Industry small business owner does not utilize these educational programs. The Tree Expert Company owners are too bogged down in the day to day operations to worry about solving business problems or planning for the future. The only way to solve that dilemma is by attending educational programs and learning to manage better.

**Associations Assistance**

Chambers of Commerce or Regional Development Agencies sponsor programs that provide comprehensive business training for their new and established members. Membership in these organizations also provides the opportunity to meet and discuss similar management, financial and personnel problems with other business owners. The auto body shop owner may not know how to trim a tree, but he has similar insurance, employee benefit and banking problems.

Educational organizations such as International Society of Arboriculture and trade associations such as the National Arborist Association provide national and regional conferences at which arboriculture and horticultural technical aspects as well as business operations are discussed. Again, join the Chamber of Commerce, ISA and NAA. The dollar benefit to you can be greater than the membership fee if you utilize their programs.

Many Chambers of Commerce provide group employee health benefit and other insurance pro-

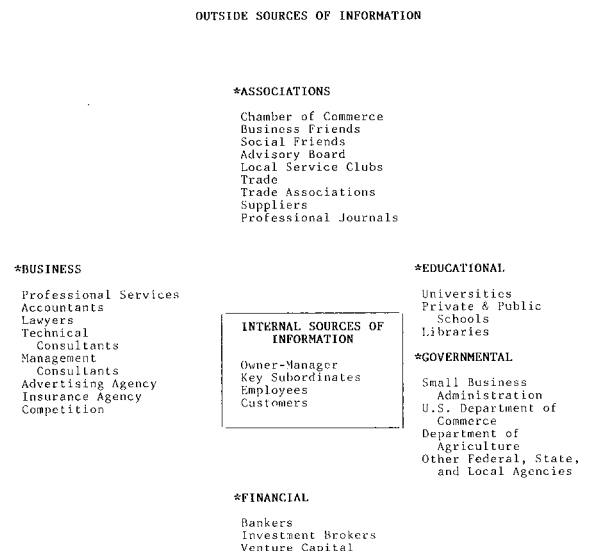
grams to small businesses. By combining local small businesses they are able to get better coverage at lower rates than if the individual companies tried to establish programs themselves. The National Arborist Association offered a program of Workers' Compensation Insurance at favorable rates, which unfortunately was cancelled. Presently, they are trying to re-establish that program for their members.

**Financial Assistance**

Your local banker should be your business's best friend! You need to keep him aware of your future plans, successes, borrowing needs and failures. If you have a problem tell him. Otherwise he can't help you. Today, most banks operate on a regional basis and they sponsor local seminars on the state of economy, future business prospects, etc. When you go in to see your banker, dress and act like a business owner. *Don't* wear the work clothes you've just finished trimming a tree in!

**Business Assistance**

Free and fee basis financial, marketing and management advice and assistance are available from many of the major accounting firms. Some have monthly newsletters and publications specifically for the small business owners. Among



**Figure 1. External and internal sources of information**

those national firms that we are personally aware of with small business assistance literature are: Coopers and Lybrand; Ernst and Whinney; Price Waterhouse and Deloitte, Hoskins and Sells.

Figure 1 outlines some of the educational, financial and managerial business resources available to you as a tree expert company owner/operator. The business assistance programs are too numerous to list individually. Organizations, associations, and agencies are available locally with workshops, handouts, and retired business executives to help if you will let them know your needs. One difficulty you may find is that after they analyze your business you may not like the answer. However, if you don't know what you are doing wrong, you will never be able to correct it.

ACRT is not in the tree care, line clearing, landscape or lawn care business. We function as a

consulting professional and technical service resource to people and firms that are in those businesses. Also, ACRT provides computer software, marketing and management consulting, entry-level and management training for the "Green Industry". Depending on what your needs are, we are only a postage stamp or phone call away.

Toghether, let's improve the "Green Industry" by "Working Smarter, not Harder" and truly "Becoming Business Professionals as well as Tree Professionals."

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## Abstract

Calsin, J. B. Jr. 1986. **Should you incorporate?** *Grounds Maintenance* 21 (6): 84-86.

Have you evaluated the legal structure of your firm as thoroughly as you evaluate the purchase of a vehicle or irrigation unit? Have you investigated the pros and cons of various types of business structures? Is it time to consider changing from one type of legal framework to another? Is a lawyer necessary? In business it is important to know what type of business you have and what laws govern its operation. Answering these questions and incorporating the answers into the overall operating strategy will make you better able to avoid legal pitfalls, react quickly to changes, or raise additional money for expansion or equipment purchase. The sole proprietorship is owned and operated by one person operating under his or her own name or a company name. The partnership is a more involved form of business structure. Any number of people may enter into the partnership, but it must be at least two. The corporation is the third type of business. Unlike the other two types of legal structures, the corporation has a unique feature: it is considered to be a human being doing business. Although it is the most complex form of the legal entities discussed here, you do not have to be as big as Toro to incorporate. Many states allow one-person corporations. The pros and cons of three types of legal structures of a business are listed in the accompanying chart. Weigh the advantages and disadvantages of each.