

AMERICAN SOD PRODUCERS ASSOCIATION

1984

MIDWINTER CONFERENCE PROCEEDINGS

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CONFERENCE PROCEEDINGS

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THE DECADE AHEAD

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Five characteristics of the economy that emerged in the 1970s are likely to persist in the 1980s. These include: a slowing trend rate of growth; an expanding government sector; a susceptibility to erratic growth arising from abrupt changes in monetary and fiscal policies and external shocks; sectoral differences in growth performance; rapid change.

Real economic growth averaged 4 percent per year in the 1950s and 1960s, but fell to an average of 3 percent in the 1970s and only 1 percent over the period 1980-83. The slowdown in the 1970s reflected a dramatic drop in productivity growth from 2.6 percent in the period 1948-67 to about 0.5 percent in 1973-80. The effect was partly offset by a doubling in the growth of the labor force caused by the maturing "baby boom" and increased female labor force participation.

Labor force growth will slow in the future, from 2.7 percent per year in the second half of the 1970s to 1.5 percent by the second half of the 1980s and 0.9 percent in the 1990s. Productivity growth will rise, but not enough to offset the negative effect on growth. As a result, the economy's trend rate of growth will decline further, from 3.8 percent in the 1960s and 3.2 percent in the 1970s to around 2.5 - 2.7 percent in the 1980s.

That implies intensified business competition, slower growth of profits, and increased strains over income distribution. The strains will be compounded as the aging population imposes a greater tax burden on taxpayers.

While the Reagan Administration has managed to slow the growth of government, and may manage to hold growth down for a few more years, the real question is whether that constitutes a permanent change. Defense, entitlement programs (Social Security and the like), and interest on the federal debt together account for 85 percent of total federal government spending. The defense buildup will continue and there is no serious effort to attack the runaway growth of entitlement programs.

Because the benefits of each government spending program are concentrated on a few -- the recipients -- while the costs of each program are diffused across many -- the taxpayers -- there is an inherent bias favoring increased government spending and making it almost impossible to eliminate or reduce any program once it has started. This constitutional weakness, combined with an entitlements mentality, implies continued expansion in the government sector. That in turn implies an ever-rising tax burden.

While overall economic growth will slow, there will still be important differences, creating relative windows of opportunity. The Southern-Western regions will out-perform the Northern-Eastern regions. There is a long-run movement of

population and business to the Sunbelt, creating stronger growth and stronger markets there. The Southern - Western states are also less sensitive to business cycle volatility, reflecting less dependence on the cyclically sensitive and volatile heavy manufacturing industries.

Differences will persist across industries. The service sectors will outperform the manufacturing sectors simply because the economy is becoming more service-oriented. During the 1950s, the service sector accounted for 52 percent of all new jobs while the manufacturing, mining, and construction sectors accounted for 22 percent of new jobs. Over the next twenty years, these sectors will account for 70 and 8 percent, respectively, of new jobs.

Foreign trade will continue to grow. Growth in export markets will be strongest in the non-industrial, non-European countries -- Latin America and Asia.

The increased volatility that affected the economy in the 1970s in part reflected an unusual series of shocks. But we have always had business cycles, and there is every reason to expect them in the future. Moreover, the increased interlocking of the world economies makes us more sensitive to fluctuations in foreign economies.

The single most important factor affecting the demand for housing in the long run is the rate of household formation, which depends on the growth of population, its age structure, and marriage and divorce rates. The primary group forming independent households is traditionally in the 20-35 age bracket. Growth of this age group surged to a 3.5 percent annual rate in the 1970s as the "baby boom" matured. But growth in this group has fallen to 1.8 percent since 1980, will reach zero in 1986 and then average -1.1 percent until around 1995.

The negative effect on the rate of household formation and housing demand may be partly offset by other factors tending to raise household formation. Given the size of the population, the number of households is increased if the average household size falls. Over the last two decades, a trend to later marriage and more divorces reduced the average household size and swelled the number of separate households. The number of married couple households fell from 75 percent in 1960 to 60 percent now. If these trends do not change, they will help to sustain the rate of household formation and housing demand even though basic demographic trends will be working to reduce it. Starts will average 1.7 - 1.8 million units between 1982 and 1995, close to the level of the 1970s.

AMERICAN SOD PRODUCERS ASSOCIATION
1984 Midwinter Conference

RECENT LEGAL DEVELOPMENTS OF INTEREST
TO THE SOD INDUSTRY

BY

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I. State Agricultural Labor Relations Acts

A. Recent statutory changes - Arizona

1. The Arizona Agricultural Employment Relations Board was to terminate on July 1, 1982, and the statute as a whole was to expire on January 1, 1983. However, the Board has been continued and is scheduled to terminate under Arizona Sunset Law on July 1, 1992. The statutes are to expire on January 1, 1993. 1982 Ariz. Sess. Laws, Ch. 195, § 3, effective July 24, 1982, retroactively effective July 1, 1982.

B. Recent court decisions - California

1. Agricultural Labor Relations Board v. Kern County Superior Court, 196 Cal. Rptr. 920 (Ct. App., December 9, 1983). The United Farm Workers of America filed a charge with the Agricultural Labor Relations Board (ALRB) against the employer alleging that it had refused to rehire unfair labor practice strikers who had unconditionally offered to return to work. The ALRB issued a complaint based on the union's allegations and sought injunctive relief in Kern County Superior Court. The Superior Court entered a preliminary injunction order which required the employer to rehire the strikers and terminate all agricultural workers hired after the strike, until all strikers had been reinstated. The employer appealed the preliminary injunction order. When the employer refused to comply with the court's order, the union initiated contempt proceedings against the employer. The court found that a mandatory injunction issued by a superior court pursuant to Labor Code § 1160.4 is automatically stayed pending appeal pursuant to Code of Civil Procedures

§ 916. The court noted that under federal procedure rules, these injunctions are not stayed on appeal and although the Agricultural Labor Relations Act is similar to federal labor law, and the statute governing petition to superior court for temporary relief or restraining order is virtually identical to federal statute, actions by the ALRB are subject to California's procedural law.

2. Triple E Produce Corp. v. Agricultural Labor Relations Board, 196 Cal. Rptr. 518 (Cal., November 21, 1983). The United Farm Workers of America was certified by the Agricultural Labor Relations Board as the exclusive collective bargaining representative of the employees of Triple E Produce Corp. The employer challenged the validity of the certification based on alleged threats made by union organizers during the representation election. The ALRB had concluded that statements made by union organizers to employees who were waiting in their cars for work to begin on the day before and on the day of the election would be viewed by the employees as campaign propaganda, which the union could not effectuate. The California Supreme Court, however, disagreed with the ALRB's finding. The Court relying on applicable NLRB and ALRB precedents as well as the uncontradicted statements by the employees describing the nature and the content of the threats made to them and the implication that the union would have known how the employees voted and would exercise some control over job allocation sustained the employer's objections to the election. The union was also ordered to be decertified as exclusive bargaining representative by the ALRB.
3. High and Mighty Farms v. Agricultural Labor Relations Board, 195 Cal. Rptr. 792 (Ct. App., October 19, 1983). The UFW was certified as exclusive bargaining agent for the High and Mighty Farms' employees by the ALRB. The employer objected to the election. One of the objections was that the Board agent abused his discretion by failing to dismiss the certification petition because employees currently employed in the last payroll period, prior to the filing of the certification petition, did not represent 50% of the employer's peak employment for the

current year. The court reversed the ALRB and held that for purposes of determining the peak period of employment, California workers temporarily working in Arizona should have been included. These workers would be affected by a collective bargaining agreement and according to the court should not be deprived of the right to participate in the bargaining agent selection. The court also rejected the ALRB's formula for determining if the statutory "50% of peak" requirement is met. The defect noted in the decision was that the average figure produced by totaling the number of workers each day and dividing by the number of days in the payroll period bears no significant relationship to the number of workers actually employed and entitled to vote. The court therefore annulled the election. The court also ordered the decision to be applied prospectively in order to maintain stability in the agricultural labor field. Thus, this decision does not affect those elections previously confirmed.

4. Rivcom Corp. v. Agricultural Labor Relations Board, 195 Cal. Rptr. 651 (Cal., October 17, 1983). Rivcom Corp., its parent Riverbend Farms, Inc., and Triple M. Farms, Inc. appealed an ALRB decision finding Rivcom and Riverbend had as new operators of the farm sought to avoid unionization by replacing the recently union-affiliated employees of the farm's previous owner with non-union workers, and had evicted the resident employees from the labor camp housing in violation of subdivision (a) and (c) of Section 1153, which correspond respectively to Section 8(a)(1) and (3) of the National Labor Relations Act. The employers, in addition, appealed the finding by the Board of a refusal to bargain with the bargaining representative of the predecessor employees. The Court affirmed the Board's decision finding the employers' challenges lacked merit. The following facts were found to support the Board's findings as to the unfair labor practice charges. The successor knew of the union election victory when he agreed to farm the ranch. After taking over, he quickly evicted all unionized employees. He allowed none of them to apply for work, nor did he ever inquire about their qualifications. He was determined that none

would be rehired, although they represented a labor pool with extensive experience in the operation. He avoided the former employees' efforts for reinstatement. His replacement personnel, all new to the ranch, had no union affiliation. In the dissenting opinion, the justice pointed to testimony of the president of the successor employer which demonstrated the employers' "legitimate and substantial business" justification for replacing the employees of the "unprofitable" predecessor grower. The dissenting justice found no evidence to support a finding that the employers' actions were prompted by any anti-union motives. The Board's finding that the growers were "successor" employers was affirmed by the court. The growers contended that "continuity of the work force" is an essential element of successorship. Since the growers hired no prior employees, they argued, they cannot be found to be successors. However, the court found "continuity of the work force" will be presumed when there is a discriminatory refusal to hire the predecessor's workers. The growers also contended that they were not the statutory employer of the workers, since they lacked control over the wages and hours of the Triple M (intermediate supplier) workers. The Court found the Act expressly excludes both a "farm labor contractor" and "any [other] person supplying agricultural workers to an employer" from the statutory definition of "agricultural employers" subject to the provisions of the Act. The legislative history of the Act clearly indicated to the Court that the ALRA drafters sought to bypass the intermediate suppliers of labor and put direct responsibility for unlawful interference with employees' organizational rights on the growers. Finally, the Board's remedial order including a broad cease-and-desist provision, awards of reinstatement, back-pay, and "make-whole" reparations for the growers' refusal to bargain with the union was not altered by the Court.

5. Laflin and Laflin v. Agricultural Labor Relations Board, 195 Cal. Rptr. 711 (Ct. App., October 12, 1983). The employer appealed the final order of the ALRB determining that the employer committed an unfair labor practice by partially failing to

comply with ALRB's pre-petition employee list regulation and requiring the employer to take specified affirmative action. The Court found substantial evidence to support the unfair labor practice charge. An agricultural employer according to the Act is to supply the Board with a pre-petition employee list with a "current street address" for each employee when a labor organization has filed a notice of intent to organize the agricultural employer's employees. However, the "remedial" order of the Board was found by the Court to be "so disproportionate to the conduct involved in the unfair labor practice and the resulting interference with employee rights that the order can only be characterized as punitive rather than remedial." Therefore, the remedial order of the Board was annulled and remanded to the Board for formulation of a proper order.

II. Fair Labor Standards Act (FLSA), 29 U.S.C. § 201 et seq. (1976)

A. Recent court decisions

1. Lopez v. Bruegel, 563 F. Supp. 316 (N.D. Tex. 1983). Four families of migrant workers brought an action against a farmer under the FLSA. The migrant workers worked on the farmer's land for one week and were furnished to the farmer by a farm labor contractor. The workers were never paid for the work they performed, even though the farmer paid the contractor \$3,700. The court found the migrant workers were not "employed" by the farmer within the meaning of the provisions of the FLSA. Furthermore, the farmer did not violate the FLSA by failing to pay the workers the minimum wage since the farmer is entitled to the 500-man-day exemption from the minimum wage requirements under the Act.
2. Donovan v. Freezo Bros., Inc., 678 F.2d 1166 (3d Cir. 1982). The employer appealed from a permanent injunction directing it to pay overtime wages to its employees under the FLSA. The employer contends that employees in its mushroom composting operation are exempt from the FLSA's overtime pay requirements because they fall within the statutory exemption for employees employed in agriculture. The court affirmed the lower court's determination that preparation of

mushroom compost is not an agriculture activity since it is not: (1) cultivation or tillage of soil; (2) production, cultivation or tillage of the soil; or (3) a practice incident to farming. The employer was directed to pay \$67,363.01 in back wages and interest to its employees.

III. National Labor Relations Act

- A. Recent court decision: NLRB v. Hudson Farms, 681 F.2d 1105 (8th Cir. 1982). The company refused to bargain with the Teamsters Union which had been certified as the bargaining representative of the company's truck drivers and yard workers. The company argued that the Board's bargaining order should be denied enforcement by the Court because the truck drivers and yard workers are "agricultural laborers" who are exempt from the Act's coverage. The employees transport poultry from the independent contractor growers, which raise the chickens to market weight, to the company's processing plant. The Court relying on two earlier cases involving similar workers found them to be "employees" and not "agricultural laborers" under the Act.

IV. Farm Labor Contractor Registration Act

- A. Recent statutory change: Migrant and Seasonal Agricultural Protection Act, Pub. L. 97-470, 29 U.S.C. 1801 et seq. (MSPA), was signed into law on January 14, 1983, to improve federal protection of migrant and seasonal agricultural workers. This new law replaces the Farm Labor Contractor Registration Act of 1963, as amended (FLCRA), which was repealed on April 14, 1983.

- B. Recent court decisions

- 1. Lopez v. Bruegel, 563 F. Supp. 316 (N.D. Tex. 1983). Four families of migrant workers brought an action against a farmer under the FLCRA. The migrant workers worked on the farmer's land for one week and were furnished to the farmer by a farm labor contractor. The workers were never paid for the work they performed, even though the farmer paid the contractor \$3,700. The Court found the migrant workers were employed in agricultural employment under the FLCRA. The farmer was found to have intentionally violated the provisions of the FLCRA in failing to "obtain from the contractor and maintain records

containing information" concerning the migrant workers' total wages, withholding from wages, net earnings, hours employed, total hours worked, number of units of work performed on a piece rate basis, or rate per unit. The workers unable to prove actual damages for out-of-pocket expenses argued for maximum statutory damages of \$500 for each violation of the FLCRA, amounting to a total liability of \$9,500 for the farmer. The Court awarded each worker the sum of \$200 as fair and equitable compensation for the farmer's violation of the FLCRA. Thus, the farmer's total liability to the workers was \$3,800.

2. Alvarez v. Longboy, 697 F.2d 1333 (9th Cir. 1983). Migrant farm workers and their union brought an action under the FLCRA against a farm labor contractor who furnished workers to strike-bound growers in order to replace the migrant farm workers who were striking. The workers claimed that the farm labor contractor had violated the Act by failing to give the replacement workers written notice of the strike. The Court found that the striking workers had a right to have such a written notice given to the replacement workers under the Act. However, the workers' argument for a \$500 award per worker instead of \$150 was rejected, the Court finding that even though the recovery of \$150 by each worker was small, the total judgment of over \$13,000 was sufficient to encourage future compliance by the contractor. The Court remanded the awarding of \$7,500 in costs and attorney fees since the only relevant permissible reason for awarding fees in this case would be because the contractor had acted in bad faith in forcing extensive litigation to obtain relief for a clear violation of the Act. The fact that the violation was "intentional" was insufficient in itself to establish bad faith in defending this suit.
3. Rodriguez v. Bennett, 540 F. Supp. (D. P. R. 1982). Workers fired by employer brought an action under the FLCRA. The employer contended that the Act applied to agricultural workers who are hired on a seasonal and other temporary basis only. However, the Court disagreed finding the statute to be clear that a migrant worker is

either one whose primary employment is in agriculture, as that term is defined in the FLSA, or one who performs agricultural work on a temporary basis or seasonal basis. Thus a "migrant" worker under the FLCRA does not have to perform agricultural work on a temporary or seasonal basis to be under its provisions.

4. Marshall v. Marrero, 536 F. Supp. 517 (E.D. Pa. 1982). The Secretary of Labor brought an action pursuant to the FLCRA seeking a judicial determination that the independent contractor was subject to the Act. The independent contractors' employees who removed spent compost from mushroom housebeds were found by the Court to be involved in "agricultural activities" under the FLSA, since their work was incident to the farming operations required in the production of mushrooms. Furthermore, even though the contractor's employees were employed throughout the year, and thus did not move from place to place seeking employment they were still "migrant workers" under the FLCRA. "Migrant workers" under the FLCRA include workers primarily employed in agriculture or workers who perform agriculture labor on a seasonal basis.

V. State Wage and Hour Laws

A. Recent statutory changes

1. Arkansas -- The minimum wage law was amended to exclude under definition of employee "any individual employed by an [agricultural] employer who do not use more than (500) five hundred man-days of agricultural labor in any calendar quarter of the preceding calendar year." Ark. Stat. Ann. § 81-320(g)(6), as amended by 1983 Ark. Acts No. 698, Section 1. (Amendment in brackets.)
2. Maryland -- Overtime pay of "one and one-half times the employee's usual hourly wage for any time worked in excess of 60 hours during any work week" is to be paid to "any employee engaged in agriculture who is exempted by the overtime provisions of the Federal Fair Labor Standards Act." Md. Ann. Code, Art. 100, § 83(3)(j), as amended by 1983 Md. Laws, Ch 211.

3. Minnesota -- The state's Fair Labor Standards Act was amended to exclude "two or less specified individuals employed at any given time in agriculture on a farming unit or operation who are paid on a salary basis;" The Legislature also excluded "any individual employed in agriculture on a farming unit operation who is paid on a salaried basis an amount in excess of what the individual will be paid if the individual worked 48 hours at the state minimum wage plus 17 hours at one and one-half times the state minimum wage per week;" Minn. Stat. § 177.237(1) and (1a), 1983 Minn. Laws, Chapter 60.
4. New York -- The minimum wage rate for agricultural employees has been raised to \$2.75 an hour, effective February 5, 1984, and to \$3.35 an hour, beginning July 1, 1984. N.Y. Labor Law Art. 19-A Section 673, as amended by 1983 N.Y. Laws, C. 972, § 2.

KEEP YOURSELF LEGAL

PERSONNEL MANAGEMENT

BY BILL HARDING (NELSON AND HARDING)

Better machinery and new production methods are reviewed in each issue of *Turf News*, as sod producers continue their quest to provide better and more efficient services to their customers. Unfortunately, the concern for the customer all too often overshadows an equally important company need—good personnel management. It is certainly true that even with the development of more and more sophisticated machinery and production methods, the human element will exist in American business for some time to come.

Sod producers should be just as concerned about personnel management as they are about management of sod production. All too often, personnel systems are established on a piecemeal basis as problems arise rather than in an organized fashion with definite goals and procedures in mind. As a consequence, it is little wonder that the phrase "there's no reason for it, it's just always been that way" describes very adequately the personnel system in more than one company around the country.

Part I.

Pre-employment Personnel Procedures

Numerous pre-employment procedures are now governed by equal employment opportunity regulations, and companies which are subject to EEOC (15 or more employees) jurisdiction and companies which serve as government contractors should pay particular attention to the area of pre-employment regulation. Government regulations and court decisions prohibit the failure to hire individuals due to race, creed, color, national origin, sex, or because the individual in question is between 40 to 70 years of age. Sod producers subject to the jurisdiction of the EEOC may be subjected to a charge of unlawful employment discrimination and be placed in a position of having to justify employment decisions on a logical basis in order to prove that no discrimination was involved.

Sod producers which serve as contractors for the government may also be subjected to stringent inspections of employment practices in order to maintain their status as a government contractor. The contract between the company and the government agency will generally set forth in some detail the pre-employment procedures expected of the contracting company. Companies which contract with federal and state agencies may find themselves subjected to periodic "compliance inspections." In the field of pre-employment personnel procedures, these compliance inspections will focus on many of the same questions that would be asked by the EEOC should a charge of employment discrimination be filed.

Basically, the question in both instances focuses around whether the employment selection procedure is based upon non-job-related inquiries. According to the government's theory, employers should only be concerned about qualifications necessary to perform the job in question. If a company seeks information and bases decisions upon non-job-related factors, employment discrimination may be present.

On August 25, 1978, the EEOC, the Department of Justice, the Office of Federal Contract Compliance Programs and the United States Civil Service Commission

jointly issued Uniform Guidelines on Employee Selection Procedures. Basically, the guidelines established a "rule of thumb" for determining whether a particular pre-employment inquiry has an "adverse" impact on minorities. If an adverse impact is determined to exist, the EEOC will require the sod producer in question to justify the business necessity for the individual components of the selection process. In determining the existence of an adverse impact, the EEOC will seek to determine whether the selection rate for any minority group is less than 4/5 of the rate for the highest group selected. If so, adverse impact will be determined to exist and further analysis will take place. This calculation is not required to be made more than once a year, nor with respect to groups whose composition of the work force is less than two percent. If no adverse impact is determined to exist, the EEOC will not review the individual components of any selection process.

Perhaps the most significant change brought about by the guidelines is with respect to recordkeeping requirements. The guidelines still prohibit an employer from utilizing information disclosing race or sex in making an employment decision. However, the employer is still obligated to keep that information either through a visual observation or by some other means. As result of the new guidelines, many employers are now utilizing both an application blank and a pre-employment information form. The pre-employment information form accompanying this article contains all of the necessary recordkeeping requirements. In addition, the application blank which accompanies this article relates only to job-related questions necessary to consider the person for potential employment. Questions relating to specific mechanical, mental, or physical abilities may be prepared for individual job classifications on a separate piece of paper and passed out to job applicants based upon the job which is being sought.

In addition, it must be remembered that pre-employment inquiries which may result in a disproportionate disqualification of minority group applicants must also be discarded. For example, the requirement of a high school education as a condition of employment may not always be valid. If the requirement disqualifies minorities at a substantially higher rate than non-minorities and if the company does not have evidence that a high school education is a significant predictor of adequate job performance, the requirement is illegal.

Using this same theory, the EEOC has concluded that a blanket prohibition against hiring individuals based upon height and weight restrictions also constitutes a violation of the federal statute since such regulations screen out a disproportionate number of Spanish-Americans, Asian-Americans and women. Of course, if the employer can prove that height and weight restrictions are a bona fide occupational requirement, the restriction is legal. In sum, hiring requirements and pre-employment inquiries must be job related.

Pre-employment testing is also an area which is governed by stringent EEOC regulations. Sod producers should be careful to insure that any pre-employment tests have been

"validated" in accordance with EEOC guidelines. Validation is a very technical and complex process requiring the use of trained industrial psychologists and a sufficient employee sample for each job category to be statistically significant. Numerous companies which have attempted to "validate" pre-employment tests have been unsuccessful after the attempted "validations" were declared improper by federal courts. As a consequence, many companies around the country have dispensed with pre-employment testing rather than undergo the expenses and time involved in "validating" pre-employment tests. Any sod producer desiring to utilize pre-employment tests should carefully review the Uniform Guidelines on Employee Selection Procedures, referred to above.

Many companies also make a habit of running credit checks on job applicants with little or no regard for the recently-enacted Consumer Credit Protection Act. The Consumer Credit Protection Act requires the prospective employer to inform the job applicant that such a credit check may be made. After a credit check is made, the job applicant has the right to a copy of the report and the right to dispute the accuracy of the report.

In light of this federal statute, many credit reporting agencies will not provide a credit report unless the prospective employer provides a Consumer Credit Information Release Form signed by the job applicant.

In recruiting job applicants, companies must be careful not to specify factors which are not job related as being criteria for employment. For example, a sod producer which advertises that it is only looking for "young" field workers or "female" receptionists or "male" accountants may well find itself under investigation by the EEOC or the Wage and Hour Division of the Department of Labor. Newspaper ads may not be listed under columns entitled "Help Wanted—Male" and "Help Wanted—Female" unless the job in question actually requires employees of a certain sex (i.e., a Playboy Club Bunny). Government contractors are also required to insure that employment agencies refer job applicants on a non-discriminatory basis.

It is obvious from the requirements listed above that the job of an employer has become much more complicated in seeking out, interviewing and hiring employees. However, it must also be admitted that many of the procedures required by government regulation should be found in a good personnel system in any event. If it may be acknowledged that "round pegs don't fit into square holes," companies should not have much difficulty in seeing that restricting pre-employment inquiries to job-related questions is an exercise in good management practice. In any event, companies which have not paid much attention to their personnel system as it relates to pre-employment inquiries will now find that the area is replete with government regulation requiring carefully drafted procedures and even more carefully drafted personnel forms.

APPLICATION FOR EMPLOYMENT						
We advise that we intend to check and hold you responsible for the statements you make on this application.						
Date _____						
I. PERSONAL INFORMATION						
Name _____			Present Telephone No. _____			
Present Address _____			(Number) (Street) (City) (State)			
Social Security Number _____			Available for work when _____ Explain: _____			
II. WORK INFORMATION						
Position(s) applied for _____						
Previous Work Experience _____						
EMPLOYMENT RECORD AS COMPLETELY AS POSSIBLE, STARTING WITH YOUR PRESENT OR LAST EMPLOYER. INSERT AN ADDITIONAL SHEET IF NECESSARY.						
FOR ANY UNEMPLOYED OR SELF-EMPLOYED PERIODS, SHOW DATES AND LOCATION						
ANY NAME	ADDRESS	DATE MO. YR.	TOTAL TIME WORKED	RATE OF PAY	TITLE OF JOB OR POSITION YOU HELD AND NAME OF IMMEDIATE SUPERIOR	REASON FOR LEAVING
	CITY STATE	FROM TO	YEARS MONTHS	STARTING FINAL		
	CITY STATE	FROM TO	YEARS MONTHS	STARTING FINAL		
	CITY STATE	FROM TO	YEARS MONTHS	STARTING FINAL		
	CITY STATE	FROM TO	YEARS MONTHS	STARTING FINAL		
Specialized Education and/or experience relating to positions (s) applied for or available in Company (Describe): _____						
What do you think qualified you for a job here: _____						
III. REFERENCES (other than family or employers)						
(1) Name _____		Address _____		How or what does this person know about you? _____		
(2) Name _____		Address _____		How or what does this person know about you? _____		
IV. HEALTH						
When, where and under what circumstances have you been injured? _____						
Describe any physical limitations, impairments or difficulties: _____						
Describe any current injuries, allergies, diseases, or medical problems: _____						
Have you ever been injured on the job? <input type="checkbox"/> Yes <input type="checkbox"/> No						
If Yes, Describe: _____						
Describe injuries and/or sicknesses that have caused you to miss work: _____						
Duration and approximate dates: _____						
List any locations where your complete medical records are kept on file:						
(1) _____		(Name)		(Position)		
_____		(Address)		(City) (State)		
You May _____		Contact my present employer				
You May Not _____		Who is _____				
		At _____				
		City _____ State _____				
You May _____		Check any and all references and I hold them and you harmless for providing information.				
You May Not _____		All the information listed by me on this application is true and correct to the best of my knowledge. I understand fully that any false and misleading statements may be cause for rejection of my application and/or if employed may be just cause for subsequent dismissal.				
Signature _____						

Because of space we had to reduce this form. The original is on two sheets 8 1/2" x 11".

KEEP YOURSELF LEGAL

BY BILL HARDING
ASPA LEGAL COUNSEL

PERSONNEL MANAGEMENT

Part II.*

The Probationary Period

After the pre-employment inquiries have been exhausted and the decision to employ an applicant has been made, a different set of company procedures come into play. At this point the relationship between the company and the job applicant has taken a significant change in the eyes of the law. The applicant is now an employee and, as such, comes under the umbrella of numerous federal and state statutes and regulations dealing with the employer-employee relationship. For example, minimum wage regulations, overtime regulations, deductions for workmen's compensation and unemployment compensation payments now enter the picture.

In addition, the employee in certain circumstances may subject the company to liability for actions of the employee in the performance of his or her duties. In light of these factors, few companies are willing to accept such responsibilities and obligations for a new employee without some sort of "trial run." Thus, a probationary period allowing the company an opportunity to review the way in which a new employee fits into company procedures and meets company requirements is a common personnel practice. Unfortunately, it is very easy to become so busy in servicing company customers that probationary period policies are ignored. As a consequence, in many companies the probationary period merely coincides with the waiting period necessary before the new employee is eligible for company insurance coverage.

A probationary period should serve as a good barometer in measuring the performance of new employees and allow the company to screen out employees who do not meet company standards. The employee must obviously be allowed an adequate amount of time to become familiar with company procedures and regulations, and a 90 day probationary period is thus quite common. All new employees should be given an adequate orientation session to acquaint them with company operations. In some situations, on-the-job training is necessary in order to acquaint the employee with particular machines, processes, or job duties. All employers should seriously consider using a written orientation and training checklist for some obvious reasons.

First, the possibility that all new employees will be given a full orientation is greatly improved by the use of a written checklist. Second, it may be extremely important for a company to be able to prove that all company employees were given the same orientation and/or training. For example, a minority group employee discharged during a probationary period may claim discrimination because non-minority employees were given more extensive orientation and training than minority employees, thus giving the non-minority employees an advantage in adjusting to company procedures and regulations. A written orientation and training checklist for each employee would be of great assistance to the company in preparing a defense to such a charge of

discrimination. The orientation checklist summarized at the end of the article is an example of a form which requires the supervisor to cover each particular area. A space is to be provided for the employee's signature to further verify that all items on the orientation checklist have been covered as well as for future reference.

Many of the items on the orientation checklist involve company rules and regulations and fringe benefits. Due to the bulk of this type of information, many companies use employee "handbooks" containing detailed information about company work rules, general regulations, and fringe benefits. Such handbooks range anywhere from a one-page document in long-hand to a multi-page professionally printed document including pictures. In either instance, this information should be given to the new employee on the first day of the job and all of the information contained in such a "handbook" should be carefully explained. In addition, a signed and dated receipt should be obtained from each employee with regard to the company work rules.

This receipt can be extremely important in the event the company discharges an employee for violation of company rules and regulations and is thereafter sued by the discharged employee on the basis of alleged discrimination. In these situations, many employees deny ever having notice of the company work rule serving as the basis for the termination. A signed and dated receipt kept in the personnel file for each employee can be of substantial assistance to the company in preparing its defense in situations such as these. The receipt need not be extremely formal and need only indicate that: 1) the employee has received the company rules and regulations, 2) the employee has read and understands the company work rules and regulations, and 3) the employee intends to abide by the company rules and regulations. Obviously, changes in company rules and regulations must be communicated to employees and additional employee receipts should be obtained.

After orientation, the company should periodically review the progress of the probationary employee in order to fulfill the basic "screening" purpose of the probationary period. In a 90 day probationary period, supervisors should review the employee at least once and probably twice before the final review at the end of the probationary period. Again, the benefits of regular reviews of employee progress during the probationary period are twofold. First, the company has an investment in each employee from the standpoint of training, supervisory time, etc. Thus, it is to the company's self interest to make every effort to quickly locate and correct the problems and difficulties of new employees which might lead to termination. Second, good written records of the periodic reviews should provide the company with a sufficient basis to make the decisions at the end of the probationary period regarding continued employment of the probationary employee.

The following information should be typed on a sheet with space for the supervisor to initial each item as it is completed. At the top of the sheet there should be space for the employee's name, job description, date hired and name of supervisor. The following are items to be covered on three separate days of an orientation period:

FIRST DAY: Welcome—Supervisor gives name; determines name employee wishes to be called; discusses employee's background, family, experience; explains organization, company history; products and services; introduce to fellow workers and give employee handbook. (1) Daily Routine: location and use of time clock; starting and stopping time; lunch period and break periods; work clothes; dressing and rest rooms; vending machines or cafeteria; parking facilities; first aid facilities; where to get information and help. (2) Pay Data: rate for job; pay deductions; pay week—or day or period; if job is to go on incentive, discuss pay opportunities; pay for overtime; errors in pay—what to do; job evaluation; job description. (3) Pay Data: merit rating policy; answer any questions. (4) Procedures and regulations: safety rules; safety glasses; other safety equipment; fire regulations; reporting accidents; importance of punctuality; absenteeism; tardiness; sickness; reporting absences; care of equipment; leaving job during working hours; use of telephone; smoking; housekeeping; other; penalties for violation of rules; handling employees' problems. Get employee's signature.

THIRD DAY: Briefly review material covered on first day— answer questions on items covered under: Daily routine; Pay data; Procedures and regulations. (2) Discuss importance of his job: to production; to quality; to effect on other employees; to total process. (3) Importance of team work. (4) Bulletin boards. (5) Tour of plant. (6) Answer any questions. (7) Job instructions. Get employee's signature.

FIRST PAY DAY: (1) Rate of pay and how figured. (2) Pay deductions: insurance; Social Security; income tax; etc. (3) Discuss employee benefits: company's policy on pay increases and fringe benefits; review employee handbook. (4) Group insurance plans. (5) Opportunities for advancement. (6) Vacations and holidays. (7) Recreation facilities. (8) Answer any questions. (9) Job instructions. Get employee's signature.

PERSONNEL MANAGEMENT

Part III.

Enforcement of Employee Rules and Regulations

It must be admitted that company rules and regulations for employee conduct are not always based upon common sense. In addition, many employee rules and regulations which are written today may not make sense tomorrow. However, the outdated and nonsensical employee rules and regulations are often retained, but not enforced. As a consequence, any employee disciplined or discharged for a violation of a previously non-enforced company rule or regulation has a perfectly valid claim of discrimination.

All too often, company work rules which have not been enforced for many years are brought into play only when the company is faced with a union organizing drive, a new minority group employee, or a woman in a job previously thought of as requiring a man. The difficulties in preparing an adequate defense for the legal actions which follow such revitalized company concern in enforcement of a previously discarded work rule are obvious.

As a consequence, sod producers should periodically review company rules and regulations to determine whether or not the rule or regulation is still necessary and is still being enforced. If the rule or regulation is not necessary and is not being enforced, it should be deleted from the list of rules and regulations and employees should be notified.

Written records of reprimands and warnings given to employees for violation of company rules and regulations are extremely important from the standpoint of legal actions which may follow the discharge of company employees. All too often employees who violate company rules and regulations, due to some sort of natural tendency to be a "trouble maker", are the same employees that are most interested in joining a labor union—on the mistaken theory that the union will somehow be able to magically save their job, notwithstanding repeated violations of company rules and regulations. Similarly, as even the government notes, some minority group employees have a great deal of difficulty in adapting to rules and regulations which are commonplace for non-minority employees.

Thus, the employer should carefully determine what type of procedure will be followed in the event company rules and regulations are violated. Most companies reserve immediate discharge for violations of a flagrant and serious nature which may also involve unwritten, but generally assumed, company work rules. For example, flagrant and serious destruction of company property and physical violence toward other company employees may not be specified as prohibited employee practices, but both offenses are generally regarded as deserving of immediate discharge.

Many company rules and regulations are of a much less serious nature and generally result in first a written reprimand, and perhaps even a layoff before discharge. In these situations, the employee should be given a written notice of reprimand so that there will be no misunderstanding on the part of the employee that continued violation of the company work rule in question will result in termination. Many companies do not issue a formal written reprimand until after the employee has already been verbally reprimanded by his or her immediate supervisor. From a personnel stand-

point, the company may be more concerned about the issuance of a written reprimand than the employee. The company will probably have already invested a substantial amount of time and money in the training of the employee, and the issuance of a written reprimand will alert company management that the investment may be lost unless changes are made.

In many situations, nothing that the company does will alter the situation and discharge will be the ultimate result. However, counseling with the employee may uncover some difficulties which can be corrected by the employer and which will prove of significant assistance to the employee in complying with company rules and regulations.

From a legal standpoint, the company must insure that the written reprimand contains basic information necessary to "prove the company's case" in the event the employee is ultimately discharged and does file an action against the company. The attached written reprimand form indicates the type of information that should be preserved in a written reprimand. Uniformity in the application of company rules and regulations is also a common element of employee discharge cases. Therefore, employers should devise a recordkeeping system that will allow them to easily answer questions such as: 1) How many other employees have been discharged for a violation of this company rule? 2) How many other employees in this specific department have been discharged for violation of this company rule? 3) Has the reprimand sequence (written warning, layoff and discharge) used for this employee been applied to all other company employees?

Most companies file written reprimands in the personnel file of the employee involved. A duplicate filing system for reprimands, or a regular personnel report listing reprimands by name, department, rule violated, and action taken will generally provide the company with enough information to prepare its defense in an employee discharge case.

NOTICE OF WRITTEN REPRIMAND

EMPLOYEE _____ DATE _____

JOB CLASSIFICATION _____ LOCATION _____

FOREMAN _____

REASON FOR REPRIMAND: _____

REPRIMAND GIVEN BY: _____

NOTICE: This reprimand is given to you for continued violation of company rules and regulations as stated above. You were given a verbal reprimand on the _____ day of _____, 19____, for this same violation. This is notice to you that another violation of this company rule or regulation may result in your termination.

I certify that I gave this written reprimand to _____

on this _____ day of _____, 19____, for the above-mentioned reason.

SIGNATURE: _____

I certify that I received this written reprimand from _____

on this _____ day of _____, 19____, for the above-mentioned reason.

SIGNATURE: _____

Part IV. Employee Evaluation

Personnel procedures relating to hiring, orientation, and discipline are important and the administration of company rules in these areas is not always easy. However, one of the most important areas of a company's personnel policy, and one of the areas that is most difficult to administer, is an adequate employee evaluation system. Unfortunately, many companies which establish otherwise excellent personnel procedures still operate on a totally inaccurate and inadequate evaluation system.

For those companies, the traditional "good news/bad news" story can be reversed in looking at evaluation procedures in light of federal and state equal employment opportunity regulations. The bad news for many of these companies may be that federal and state agencies in the field of equal employment opportunity will be demanding that evaluation systems be based on objective factors. The good news may well be that establishment of an evaluation system along these guidelines will make a significant improvement in the company's personnel policies. In any event, companies under the jurisdiction of the federal Equal Employment Opportunity Commission will be subject to some scrutinization of evaluation procedures that they have not encountered in the past. For example, a federal district court recently considered an employment discrimination case in which minority group employees complained that they were being discriminated against with respect to promotions and pay increases. In words pointedly applicable to many companies in this country, the court noted:

The personnel manager testified that in granting promotions defendant considers the factors of qualifications and seniority and in each instance attempts to choose the employee best qualified for the vacancy under consideration. If two or more employees are similarly qualified, the one with most seniority normally receives the promotion. Promotions are determined by consultation among the personnel manager, the plant superintendent, and the employee's immediate and past supervisor. There are no written instructions or guidelines for supervisors pertaining to qualifications necessary for promotions. Under this system of judging qualifications, it is apparent that the supervisors' subjective evaluation of the employee's ability is an important factor in his advancement and an individual supervisor could, if he were so inclined, exercise racial discrimination in his selection of candidates for promotion. Promotion procedures which depend largely upon the subjective recommendation of the employee's supervisor are a ready mechanism for discrimination which may be concealed from management.

In this particular case the court issued an order requiring the company to furnish supervisory personnel with written instructions listing objective criteria and specific qualifications necessary for promotions and transfers. Significantly, the company was given ninety days to implement such a policy.

The lesson is obvious. If your company does not now have objective criteria for use in evaluation of company employees, you should develop such an evaluation system now-at

your own speed rather than being forced to do so at a later date and in a very short period of time by either an agency or a court decree.

There is no standard "boiler plate" answer to what type of objective criteria should be utilized by your company. The process can be explained rather simply, but the application can sometimes be quite difficult. The first step to be taken is to establish the goals for the particular department, division, or company for which the evaluation process is being developed. Second, the functions, type of work, and skills necessary to reach such goals should be isolated on either a job classification or a more general "project flow" basis. Third, each of the individual employee functions to be performed under the listed job classifications or projects should be isolated. Fourth, the type of production, work product, or contribution necessary for each employee function should be established and rated on as an objective a basis as possible. Finally, an evaluation form setting forth the objective criteria for use in regular employee evaluations should be developed and distributed to supervisors.

While the development of objective criteria in a sod production operation may not be as easy as the "number of widgets per hour" formula which can be used by the widget maker down the road, most companies can develop objective criteria if someone puts their mind to it. The incentive for having someone develop such an evaluation procedure in your company obviously exists. First, your company may have to contend with the EEOC, state equal employment opportunity commissions, or legal actions in both federal and state courts if such an evaluation system is not developed. Remember, as more minority employees are injected into the work force of your company in compliance with federal and state laws, your company must assume the burden of being able to prove that the minority employees are not being discriminated against in promotions and pay increases. Thus, a company which makes a good faith effort to comply with the affirmative recruitment requirements urged by the EEOC and state equal employment opportunity commissions may still run afoul of the law if adequate evaluation procedures are not developed and applied.

Second, and perhaps more important, employees who are not evaluated on a similar basis for similar work performed will soon become discontent and your company may either experience a high turnover rate or the other problems that flow from discontent within the work force.

Of course, one of the obvious solutions to establishment of an evaluation procedure for pay increases is to simply establish a lockstep non-discretionary salary schedule which provides for automatic increases for all employees within a given job classification after the passage of a certain length of time—usually every six months or every twelve months. While this non-discretionary system saves the company from having to "bite the bullet" on pay increases, some employee evaluation will still be required for promotions, and objective criteria will still have to be developed to evaluate employees for that purpose. In fact, even non-discretionary salary schedules have been held to be in violation of non-discrimination laws in some situations. If the salary schedule is based upon seniority, and if no

minority employees have been allowed to accrue seniority because of past discrimination on the part of the company, the EEOC may conclude that seniority is an impermissible basis for the salary schedule in order to "remedy the effects of past discrimination."

One of the most helpful tools in developing a good evaluation system is a well organized system of management training within the company. Programs of this type will benefit the development of an evaluation system within your company for at least two basic reasons. First, supervisors and management personnel will be provided with training and tools that will better enable them to apply and administer personnel policies including the evaluation of employees. Many ASPA members will agree that some supervisors are made supervisors not because of their ability to supervise employees, but because "she's been around longer than any other employee," or "he knows more about the machines in that department than any one else." Promotions of this type are fairly common in many companies and simply point out the fact that many people are promoted into positions for which they possess no particular qualifications and/or skills. However, not all supervisors are "untrainable" for the job of supervisor—they simply aren't trained. Therefore, management development and training courses can significantly assist these employees in knowing how to make management decisions of the type necessary in developing a good evaluation procedure.

Second, company management development and training courses should be available to all employees on a voluntary basis, supervisors and non-supervisors alike. Generally, supervisors are required to attend management training and development courses while rank-and-file employees are allowed to attend similar courses on a voluntary basis. The interest indicated in signing up for such a company course as well as the results obtained from such a course provide the company with a better basis upon which to make promotions to supervisory positions. The results to be obtained from a

mandatory-attendance management training program for supervisors will provide the company with an indication of the respective ability of supervisors. However, a non-mandatory program may also provide the company with a better indication of interest on the part of existing supervisors.

Even assuming that your company develops an objective checklist for evaluation of employees, and even assuming a regular management training program for supervisory employees, your company can still run into trouble with the EEOC if regular personnel records are not maintained by supervisors for use in evaluation procedures. If a supervisor is asked to evaluate employees only once every six months or once every twelve months, the evaluation criteria may be objective but the application of the criteria may be extremely subjective. In order to guard against such an occurrence, supervisors should either be required to make evaluations on a more frequent basis or be required to maintain a fairly detailed record on the "plus and minus" performance of each employee whom they will be called upon to evaluate at a later date. If the evaluations are to be conducted only once every six months or once every twelve months, this "background material" will provide the supervisor with a better basis upon which to make a decision when the time comes to "fill in the blanks" next to the evaluation criteria. A good evaluation system, properly applied, can provide your company with the answer to many personnel problems. Not only will your company be able to adequately evaluate employees for promotions and pay increases, but your company will also avoid a great amount of litigation that might otherwise develop without the evaluation system. Quite simply, your company will be able to make better personnel decisions based upon a good evaluation system. In addition, your company will be able to support and justify personnel decisions that are challenged by agency action or court action in either federal or state courts.

CONSTRUCTION OUTLOOK FOR 1984

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No forecast can be considered properly launched without at least a few basic assumptions. Three very broad ones will do the job:

1. The economy's recovery is firmly established, a continued growth through next year will steadily absorb excess capacity and gradually reduce unemployment.
2. Inflation will creep up, but only within the range of four to six percent.
3. Long-term interest rates are settling into a period of relative stability, with mortgages holding between 13 and 14 percent.

The mere fact that an election is coming up will influence monetary and fiscal policy in the meantime. For construction markets, it will be a positive influence.

Over the past several quarters, the housing market fulfilled last year's prophecy that a substantial decline in mortgage rates would result in a substantial gain in housing starts. Conventional wisdom has it that falling mortgage interest rates are supposed to be a boon to home ownership, which ordinarily means one-family houses. And, while that happened, multi-family building soared 45 percent.

Difficult as it is to imagine the normally volatile housing market suspended at any level of output for long, this is the most likely prospect for 1984. This time, the market will enjoy an extended stay at the upper end of the cycle as a total volume of 1.725 million units is the 1984 forecast.

Public works construction, like housing, got its big boost in 1983. And like housing, it has the potential for still a little more "residual" expansion in 1984 as the forces that led to the past year's turnaround play themselves out. Before long, the outcry for economic stimulus will be drowned out by warnings of renewed inflation and budgetary restraint will again dominate the public works market.

The unfolding pattern of the housing cycle and to a lesser degree, the strength of consumer spending will determine the pattern of contracting for stores and warehouses in the quarters ahead. Past experience shows that a volume of 1.7 million housing starts should be capable of supporting as much as 400 million square feet of retail building. But it won't all happen in 1984 due to the familiar lag.

In the area of manufacturing building, an extremely weak first quarter of only 88 million square feet will leave 1983's total at only 101 million square feet. In 1984, however, when capacity utilization is expected to average close to 80 percent, contracting for industrial construction is estimated to total 128 million square feet. By 1987, annual volume is expected to exceed 200 million square feet. One indication of what a long way back it will be for the industrial building market: Next year's forecast gain of 27 percent will still leave the 1984 total below the worst year of the mid-1970's cycle.

Only one word is needed to describe the office building market in the fall of 1983: overbuilt. A match-up of the cumulative additions to the supply of space, with the cumulative demand for it reveals a surplus of nearly a full year's building. The double-digit vacancy rate for offices bears it out. With the rate of contracting still above 250 million square feet in 1983's third quarter, a pattern consistent with an extended decline might find 1984's contracting beginning at a rate close to 200 million square feet and finishing around 165 million for a total of 182 million square feet (a decline of 30 percent). A further decline - to the range of 125 to 150 million square feet - is indicated for 1985.

All through 1983, the recovery of the construction market has been retracing familiar steps. Early gains in housing and public works are now pointing the way to further expansion into commercial, industrial and other nonresidential building. It is at this point, however, that the 1983-84 recovery departs from past patterns and begins to develop a style of its own.

*In 1984, the extension of the construction industry's potential into nonresidential building will be hindered by an over-built office market which requires corrective decline in building.

*Beyond 1984, some issues which have been dormant for the past year or two will take on greater importance. One is the uncharacteristically high level of interest rates that prevailed even as recovery began. The other is the almost forgotten (but not gone) federal deficit.

Projections of huge budget deficits extending far into the future present some difficult post-election choices. Experience suggests that the resolution of the deficit problem will be a compromise, involving a blend of taxation, inflation and monetary restraint during the mid-1980's. Clearly, this poses a major risk to the later-stage development of the new building cycle that is still taking form.

For 1984, however, the risks are minimal. During election years, legislators traditionally do not raise taxes and central bankers usually try to be accommodating. With inflation dormant for the time being, external circumstances can be depended upon to be supportive through 1984 as the building cycle begins to include its absent nonresidential sector. The most urgent short-run problem will be the one that has developed within the construction market itself; the unwinding of the office-building boom.

PREPARING A BUSINESS PLAN--A GUIDE FOR THE EMERGING COMPANY

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A well-conceived business plan can serve two important purposes for your organization--as a sales tool for raising capital and as a key management tool.

As a sales tool, your business plan is an excellent way for potential lenders or investors to review your company's potential. Many investors will not even consider meeting with you until they have read your business plan. And the quality of your plan can be a major factor in a lender's or investor's decision whether to help fund your company.

As a management tool, your business plan can help you establish goals in actually running the company. It can help you focus on your company's strengths as well as its weaknesses. And it is a control tool that permits you to monitor and assess the progress of your company.

While we will concentrate on the business plan as a tool in securing financing, keep in mind that the elements that make the plan effective in securing financing are equally important in making it an effective management tool.

What should your plan contain? How much detail? In what order? We will address these questions and others.

Remember, however, that we are not proposing a "cook book" approach for business plans. No two plans should be alike. Some of the areas we discuss may not apply to your company. You should tailor your plan to your company's specific circumstances.

So how do you get your message across?

PLAN SUMMARY

Potential lenders and investors receive hundreds of plans. Your goal is to quickly and concisely--in just one to three pages--provide an overview that convinces a lender or investor to continue reading your plan.

In the summary, highlight key elements of the entire business plan, with brief explanations of such things as your objectives, products or services, market potential, management team experience, and method of operation. Finally, give an indication of the finances involved, including how much money you need and how much of a return investors can anticipate.

Remember, the plan summary will be the first section a lender or investor reads, but it will be the last section you write.

After stimulating the reader's interest, the rest of your business plan will provide greater detail. However, you should avoid getting too bogged down in detail.

BUSINESS OVERVIEW

The business description should briefly explain the nature of the business you are in or plan to be in. In addition, it should describe your products or services and potential customers, and the current ownership of your company.

Obviously, by the time you are preparing a business plan, you have convinced yourself that you have a great idea. But you must show potential lenders or investors how you will turn that great idea into a viable product or service. You must analyze the market and convince them that there is a market need for your product or service, that it meets potential customer's needs, and that you can sell it at a profit.

You should cover several areas.

MARKET ANALYSIS

First, you must demonstrate that you know who your potential major customers are, either individually or as an industry group. You must know why they buy--whether because of price or convenience--and when they buy. Also, what do they expect in terms of price, quality, and service?

Next, what is the market like? Lenders and investors want to know the current and potential size of your market. . .how big it will be in five or ten years.

These numbers shouldn't just be pulled out of thin air. Base your estimates on industry trends, technological developments, changing customer needs, and other market factors. And be realistic. If you overstate the size of the market or your potential share, lenders and investors will question the credibility of your entire business plan.

Finally, tell a little bit about the competition. How does your product or service compare with those of the competition? What is the market share potential of each competitor? What are your competitor's strengths and weaknesses? How does their strategy compensate with yours? Be objective, as this will add credibility to your entire plan.

ADVANTAGES OF PRODUCT

Now that you have presented an analysis of the market and your competition, what is there about your product or service that sets you apart from the rest of the pack? Lenders and investors want to know how your product or service will provide a competitive advantage and what market needs it will meet. This section should include a laymen's description of your product, highlighting key features and comparing them to those of the competition. Also describe any research and development involved, your plans for additional new products or services, and any patents, copyrights, or other conditions which could discourage competitors from entering the field.

MARKETING STRATEGY

Of course, you may be convinced that your product or service is the best there is. But why will customers buy from your company? This section of the plan must demonstrate to prospective lenders and investors that you understand how the market should be segmented and that you have the ability to sell and deliver your product or service effectively to the correct targets.

First, identify your target market or markets. Carving out a market niche and concentrating your resources on the needs of a specific segment may mean the difference between success and failure. New companies frequently fail to properly segment and target their market. Too many people believe that they can be all things to all people.

Then, realistically estimate the market share and sales volume you think you can achieve over the next two, three, four and five years. Identify which portions of your estimate represent "hard" purchase commitments.

Third, discuss the pricing strategy and policy for your product or service and compare it to that of your competition. Show how your pricing approach will enable you to penetrate the market, maintain and increase market share in a competitive environment, and--most importantly--make a profit.

Next, discuss how and where you plan to sell and distribute your product or service. Will you sell through distributors? Will you use a direct sales force? How many salespeople will you need?

Finally, discuss how you will generate awareness among potential customers for your product or service. Which promotional activities will you use--public relations? Advertising? Trade shows? Sales incentives? Promotional literature? If you expect these expenses to be a large percentage of the total, explain how much they will be and when they are likely to be incurred.

OPERATIONS

Lenders and investors want to know just how you plan to go about your business--how you plan to manufacture your product or perform your service.

So outline the basic elements of your operations. . .The location of your business and the availability and costs of labor, materials, and transportation. . .the facilities and equipment you will need and their cost. . . the manufacturing process or the method by which you will perform the service, including your production or operating advantage. . .and a production and operations plan that gives cost information at various levels of operation.

MANAGEMENT AND ORGANIZATION

Without solid management, many a business is doomed to fail. Therefore, one of the major concerns of potential lenders and investors is your company's key management team members. Management's competence, integrity, and commitment are important.

Lenders and investors are looking for a team with a balance of marketing, financial, management, and production skills, as well as experience with the product or service you are proposing. Explain how your management team is organized, and describe the primary role each person plays. Prepare a brief synopsis of each key manager, including their duties and responsibilities, career highlights, and significant past accomplishments that demonstrate ability for the tasks that will be required.

Mention the key people's investment in the company. Many lenders and investors insist that key managers be owners of a company. Also, identify your board members and briefly discuss how each helps in the development of your company.

And be honest--discuss any apparent weaknesses in your management team. If any critical skills are missing, explain whether they will be overcome through training, recruiting, or outside advisors.

TIMING

Next, your business plan should include a schedule that shows the timing of major events for your enterprise of the next three to five years. Entrepreneurs tend to underestimate the amount of time needed to complete the various tasks, so be realistic.

FINANCIAL INFORMATION

Now that you have described the other elements of your business, it's time to get down to the numbers. You will need to include financial statements and projections for the next three to five years, including a projected statement of operations, cash-flow projections, pro forma balance sheets and breakeven analysis.

Your projections should be tied to your market expectations. It is important to state clearly the assumptions you used when preparing the pro formas and projections. It may be appropriate to show the ranges of the projections from the worst case expected to the best possible case. Your financial analysis should identify and support the amount of money you are seeking from potential investors.

Preparing financial projections requires accounting and finance experience. If none of your team members are qualified in this area, get outside help.

Tell potential lenders and investors how much you need, when you will need it, how it will be used, and the financial structure you are proposing for the financing.

Also address your plans for repaying lenders or cashing out the investors, such as going public or merging. Both lenders and investors look at the future value and liquidity of their investment.

ORGANIZATION OF PLAN

Now that you have gone through all of this work, be sure to organize your plan so it is easy for readers to find specific sections. Many readers will read only selected sections according to their need for specific information. Your plan should have a table of contents, and you also should consider using tabs to identify major sections.

You should include exhibits to provide any additional details that help tell your story, including such things as marketing studies, patent information, photos or sketches of your product or service, and resumes of key executives.

OBTAIN AN OBJECTIVE REVIEW

Before sending your business plan to potential lenders or investors, have it reviewed by other entrepreneurs, your accounting and business advisors, or your attorneys. They are in the best position to provide you with constructive comments. In addition, these people can serve as intermediaries in presenting your business plan.

With all of the areas that we have discussed, you may be visualizing a document with 100 to 200 pages. Actually, your business plan should be relatively brief, with a maximum length of 25 to 30 pages.

But a lot of hard work will go into those 25 or 30 pages. Preparing a business plan is no easy task. It's time consuming and it's challenging. Done properly, however, it will result in an invaluable tool for helping to secure financing and to actually run your business--it's definitely worth your effort.

And one more note--don't have ghost writers prepare your business plan. YOU should write the plan, with guidance from others. This is very important, because when you meet with a potential lender or investor, you must be intimately familiar with the contents of your plan. . .and you must believe in it.

The plan is a reflection of YOU.

Preparing a business plan triggers a lengthy thought process--so much so that the planning process really is more important than the plan itself.

THE NATIONAL TURFGRASS EVALUATION PROGRAM:
KENTUCKY BLUEGRASS EVALUATIONS

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Increased efforts in breeding and development of improved turfgrasses in the past few years have resulted in a large number of varieties that have not been adequately tested. Time is of the essence to breeders and consumers in obtaining performance information on new varieties and experimental selections. Although research scientists have devoted considerable time to evaluation of varieties, many of the presently available varieties have not been tested sufficiently to determine their relative merits. Research programs at most locations do not have the personnel and other resources necessary to evaluate large numbers of varieties.

In 1980, the National Turfgrass Evaluation Program (NTEP) was organized to coordinate uniform evaluation tests of turfgrass varieties and promising selections in the United States and Canada. The program is useful not only for determining the relative merits of varieties, but also for promoting uniformity of evaluation techniques and data reporting. Information obtained from national tests is more useful to research and extension personnel, the seed industry, and consumers than the more limited tests of the past. Test results can be used by national companies and plant breeders to determine the broad picture of the adaptation of a variety. Results can also be used to determine if a cultivar is particularly well-adapted to a local area or level of turf maintenance. Local adaptation is of more interest to regional and local seed companies, extension personnel, and consumers because their major concern is with turf performance in their area. The NTEP should considerably increase the cost-effectiveness of variety evaluations.

The NTEP is a self-supporting, non-profit program sponsored by the Beltsville Agricultural Research Center (BARC) and The Maryland Turfgrass Council; it is not a Federal program. Program policy is made by a policy committee consisting of one member from each of the four Regional Turfgrass Research Committees in the U.S., one member from the Lawn Seed Division of The American Seed Trade Association, a national coordinator, and a technical coordinator. The program is financed by funds from two sources, an entry fee for varieties entered in a test and donations from organizations interested in turf. The entry fee is paid by the sponsor of an entry - usually the breeder or seed company. This has been the major source of funds to date. Central facilities of the program are located at BARC.

Functions of the NTEP include determining appropriate national tests; collection and distribution of seed to evaluators; and data collection, summarization, and distribution. Test evaluators are selected from

cooperators on the four regional turfgrass research committees and others representing public institutions. Individual State universities and experiment stations are notified of a scheduled test. They can choose whether or not to participate in a particular test. Data taken by evaluations are submitted on computer code sheets in a format prepared for a particular test. Data submitted each year are statistically analyzed, summarized in tables, and automatically distributed to sponsors of entries in the test and test evaluations. Reports will be distributed to others on request. In addition to annual reports for each test in progress, a final report will be published when a test is completed.

The first NTEP sponsored test was the 1980 National Kentucky Bluegrass Test. This test has 84 entries and seed sets were sent to 51 evaluators. Since then the NTEP has sponsored the 1982 Perennial Ryegrass test (47 entries : 31 seed sets) and the 1983 Tall Fescue (30 entries : 55 seed sets) and Fineleaf Fescue (47 entries : 28 seed sets) tests. Planned tests include a 1984 southern overseeded dormant bermudagrass test, 1985 second year overseeded and perennial ryegrass tests, and in 1986 Kentucky bluegrass and/or tall fescue tests. Support for tests have been excellent from seed companies and evaluators.

Data from the 1980 Kentucky Bluegrass Test from 26 locations in 1981 and 37 locations in 1982 have been summarized. Data for 1983 are being collected at this time. Because the 1980 bluegrass test is not completed, i.e., it will continue for 2 more years. The data we now have should not be used to make final decisions on relative performance of entries. However, I believe the data can be used to show some of the relative merits of the NTEP program, relationship between location and maintenance practices on genotype performance, and trends in relative performance of entries. The data indicate that:

- 1) turfgrass quality of entries may vary considerably between geographical regions of the U.S. or between locations within a State;
- 2) sod strength at a particular location and time are not closely related to turfgrass quality; and
- 3) maintenance level-variety interactions are real; i.e., varieties providing the highest quality under high maintenance are less likely to provide as high a quality under low maintenance as varieties providing acceptable quality (but not the best) under high maintenance.

The NTEP will not make variety recommendations, nor will it be used to establish a national register of varieties similar to those of European countries. However, information from the program can be used by extension specialists and others in making recommendations or by producers in decision making.

CONTROL OF COMMON BERMUDAGRASS IN SOUTHERN TURFGRASSES
Ray Dickens, Professor of Turf Management
Auburn University, AL 36849

The Problem

Cynodon dactylon, or bermudagrass, is a serious weed pest in much of the world today. One bit of evidence supporting this statement is the many names by which this species is called. A partial list would include Florida grass, hariali, kweek, indian couch, scotch, niguil, devil's grass, fingergrass, wire grass and dogtooth grass, to say nothing of the unprintable epithets used by people involved in its control.

The first recorded introduction of bermudagrass into the United States occurred in 1751 in Savannah, Georgia. Since that time it has become adapted throughout most of the country due to its wide genetic diversity. There are presently over 50 described cultivars of bermudagrass, as well as thousands of ecotypes, referred to locally as "common".

Common bermudagrass is one of the most serious weed problems plaguing sod producers wherever warm season turfgrasses are grown. Attempts to control this pest in sod fields meets with only limited success and usually results in bare areas at harvest and excess scrap.

History of Control

The first modern herbicide for control of bermuda and other perennial grasses was TCA released in 1948. The rates required were quite high by today's standards (50-100 lb/a). TCA is primarily absorbed into the plant from the soil by underground parts, and its effectiveness is greatly affected by soil temperature and moisture conditions. Another disadvantage is its soil residual, approximately two months in the summer.

In 1953, a much more active grass herbicide, dalapon, was introduced. Effective control was obtained in most instances with single applications of 5 to 10 lb/a. Dalapon is absorbed by both leaves and foliage and has a two-week residual in moist soil. It has generally been thought that tillage within a week after application and/or split applications enhances control.

Methyl bromide, a soil fumigant, has been used for preplant control, but excessive costs have limited its use in recent years. Glyphosate or Round-up® appeared in 1973 and was heralded as the answer to the bermudagrass problem. Indeed, excellent control was obtained with 4 to 5 pounds per acre, and because there is no soil activity involved, planting was not delayed. Unfortunately, control is not acceptable in sod fields. Eradication is the only acceptable answer. None of these materials could promise eradication from a single treatment, or in most cases from repeated treatments.

The New Post Grass Herbicides

During the early 1980's, a new family of herbicides, the diphenyl ethers, was developed. Many of the herbicides have excellent activity against grasses with essentially no activity on broadleaf plants. Excellent control of

bermudagrass has been obtained in row crops with these materials. So good were the results in cotton and soybeans that eradication of bermudagrass was discussed.

We established tests in 1982 to evaluate certain representative members of this group for eliminating bermudagrass in sod situations. The herbicides we tested were Fusilade (fluazifop butyl), Dowco-453 (haloxyfop methyl), Poast (sethoxydim), and an experimental CGA-82725. The herbicides were compared at two rates (0.25 and 0.50 lb/a); the effects of repeated applications and crop oil additives were also evaluated. The herbicides were applied to a mature sod of common bermudagrass 18 August 1982 and 27 August 1982.

Injury ratings 17 September 1982 showed that excellent topkill was obtained in all treatments involving either Fusilade or Dowco-453. From 50 to 75 percent topkill was obtained with the other two herbicides. The addition of crop oil enhanced control with these herbicides, as did the higher rates and dual treatment. Stand counts made the following spring showed that Dowco-453 was the most effective of the herbicides tested. The best control occurred from dual treatments at the higher rate with crop oil added. The experiment was repeated in 1983, and at this point results are similar. No treatment produced better control than that obtained from a single application of glyphosate at the recommended rate.

Work by other researchers has shown that the activity of these herbicides is greatly influenced by temperature and humidity. More work needs to be done to adequately assess the value of these newer herbicides for bermudagrass control.

Needed Research

Considerable research is needed if we are to develop a dependable program for eradication of common bermudagrass in warm season sod fields. The following are three general areas of research which need pursuing:

1. Rates and Timing. More information is needed as to the effects of dates of application on the efficacy of both the diphenyl ethers and some of the older materials, such as dalapon and TCA. The effects of split applications and higher rates need exploring. Also, the effects of environmental conditions before, during, and after application need more work.
2. Combinations. The effects of combining applications of foliage active herbicides with soil active ones need to be determined. Also, the effects of combining photosynthetic inhibitors with herbicides, such as glyphosate, which affect protein synthesis need to be determined.
3. After the above research is completed and adequate knowledge is available, this information should be used to develop a protocol or procedure which, if followed, would assure the sod producer that he had achieved 100% control of common bermudagrass in his field.

At this time a workable program for eradication does not exist, but I am confident one can be developed with adequate research effort.

TURFGRASS DISEASES - RECENT DEVELOPMENTS

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Recent advances in the development of grass cultivars have led to significant increases in their tolerance or resistance to diseases. Of special interest is the observation that a seed-borne fungus, called an endophyte, can protect seedlings from attack by certain soil insects and some pathogenic fungi. New chemical control compounds of superior performance have also been developed in recent years. And we have seen the advent of new diseases of local or regional importance. This paper, however, will concentrate upon recent discoveries that have been made at Cornell University during investigations into the causal nature of patch diseases of turfgrasses. This research is supported by funds derived primarily from sod production-related associations and individuals, including the Ben O. Warren Foundation, Sod Growers Association of Mid-America, and American Sod Producers Association. Additional funds were provided by the New York State Turfgrass Association, the Connecticut Golf Course Superintendents Association, and several fungicide manufacturers and regional turfgrass associations.

Pathogenic fungi in the genus Fusarium have long been recognized as causal agents of diseases on roots, crown, stems, leaves, and inflorescences of cereals and grasses. These diseases are generally of diffuse distribution over the grain field or grass sward. This is so because the causal fungi are ubiquitous organisms that sporulate profusely. Fusarium crown and root rots are of most concern in drought-prone regions. They exhibit symptoms that resemble the melting-out caused by species of Drechslera and Bipolaris. The foliar diseases are equally important with the crown and root rots in humid regions. Fusarium leaf spots typically occur mostly or entirely on the older, senescing leaves of a tiller, or on tillers affected by stresses such as drought or root and crown rot. The overall distribution of Fusarium leaf spots is very characteristic of dollar spot on grasses mown at lawn heights. The symptoms caused by Fusarium species on grass foliage can be correctly described as a blight.

Complications arose in our understanding of such diseases when, in the mid-1960's, a distinct patch-type disease was also named Fusarium blight. The disease was so-named because of the ubiquitous presence of Fusarium species associated with dying tillers. The patch disease named Fusarium blight was therefore equated with the "melting-out" type of foliage blight that can be caused by Fusarium species. During the past two decades the patch disease has continued to plague Kentucky bluegrass stands. Research and field observations by interested parties in all sectors of the turfgrass industry have made significant advances in finding methods useful for reducing the severity and/or occurrence of the disease. But scientists have for nearly two decades been unable to confirm that Fusarium species are capable of causing the patch disease. During the past decade many valuable resources have been directed toward disproving the original hypothesis, which was accepted as being true without having been shown to be so. Progress toward the development of new, more efficient control strategies was being hampered by incomplete or

erroneous knowledge. Major advances have been made during recent investigations of "Fusarium blight" in New York.

In the late-1970's I and several other scientists began disregarding the obvious presence of Fusarium species that are associated with final stages of this patch disease. In 1981 formal challenges to the original "Fusarium blight" hypothesis were issued in chapters of two books. The authors of these challenges were pathologists working in New York and Pennsylvania; where the "Fusarium blight" concept arose during the mid-1960's. In 1983, in the Compendium of Turfgrass Diseases, I renamed the patch disease as the "Fusarium blight syndrome" (FBS) to redistinguish it from the diffusely distributed Fusarium diseases which were recognized prior to 1966. This was a stepping stone leading to the following information, which we are now ready to reveal.

Permanent markers were installed in the centers of FBS patches at five locations in New York and Connecticut during 1980. After a tape measure and a compass were laid over the marked patches they were photographed. The location of each permanent marker was then triangulated to permanent structures or trees. These procedures enabled us to precisely locate each patch and its perimeter even during winter and spring when there were no visual clues as to the whereabouts of the patches that had appeared the previous summer. Using these procedures, we began to systematically sample the areas where the patches would appear. Our samplings were made up to four or five months prior to the development of visual symptoms.

Foremost among our discoveries was the presence of dark-colored fungal mycelia growing on the roots, crowns, and rhizomes of tillers at the edges of the patches. But we had considerable difficulty in isolating these fungi from the affected tissues. Our success rate was low because fungi with more rapid growth rates were also present. These faster fungi overran our laboratory media before the desired fungi could develop into colonies. We, therefore, collected cores from the patch margins, buried them in sand in greenhouse pots, and planted wheat and oats into the pots. The cereal "trap crops" became infected by the dark-colored fungi, and pure isolations were then consistently made from the relatively clean roots of the trap crops. But then we experienced great difficulty in working with the fungi in cultures, and especially in identifying them. They are very slow growing, and are of three distinct colony types. Still without identities, two of the fungi were shown capable of causing typical FBS patches in two field plots. This was true for inoculations made by two different methods during 1982 and 1983. Although greenhouse tests confirmed the pathogenicity of these fungi to all grass genera tested, the susceptibility of the grasses differed. Most notably, perennial ryegrasses and tall fescues were quite resistant, which compares favorably with field observations that the disease can be controlled by over-seeding with these grasses. Several bluegrass cultivars also tended to have moderate to high levels of tolerance to the pathogens.

Two of the pathogens were recently induced to produce identifiable fruiting bodies. For one, the routine called for daily attention and specific environmental conditions during a two to three month incubation period. The pathogen is Leptosphaeria korrae. It is known to cause spring dead spot of Bermudagrass in Australia. The other fungus is Phialophora graminicola. This fungus is common in grasslands and in cereals, but has not heretofore been considered a pathogen. P. graminicola is much less pathogenic than L. korrae.

Very recent work in our laboratory illustrated differences in the sensitivities of these fungi to fungicides, water stress, temperature, and acidity. Each of these findings seem to relate well to field observations concerning the behavior of the FBS disease and its reaction to chemical control procedures.

Studies of these pathogens and diseases are continuing at a rapid pace. At present we know that L. korrae can easily kill grass plants in the greenhouse. This also seems possible in the field. In contrast, patches of plants weakened by P. graminicola probably must be further stressed by harsh environmental conditions of summer, and possibly also by infections of tissues by facultatively parasitic fungi that dominate the turfgrass ecosystem at the time when plant stress occurs. Fusarium species often serve the latter role, but there appears to be no reason why other foliar parasites may not serve equally well. We have demonstrated that the Fusarium blight syndrome results principally from pathogenesis by L. korrae, P. graminicola, or related fungi that are yet to be identified. A succession of stressful events may be necessary to cause full expression of symptoms for this patch disease of Kentucky bluegrass. The primary causal agents we have identified are both closely related to the fungus Gaeumannomyces graminis var. avenae, which causes take-all patch of bentgrasses. We, therefore, now recognize a close biological association between three patch diseases of similar appearance, but which occur primarily on different grass genera. These diseases are spring dead spot, take-all patch and Fusarium blight syndrome. I am proposing to redescribe the latter disease as "summer patch" to accurately equate its etiology and descriptive terminology more directly to comparable diseases such as take-all patch and yellow patch. This proposal has not been acted upon, and the name "Fusarium blight syndrome" remains as appropriate until further notice. We do not feel that our findings reveal the complete complexity of these patch diseases, and we will, therefore, continue studying them. We also do not know the geographical distribution of the fungi, although L. korrae is now confirmed in New York, Rhode Island, Connecticut, and California. Similar fungi from turfs in Washington, Wisconsin, Michigan, Illinois, Nebraska, Kansas, Pennsylvania, and Colorado are being investigated.

WARM SEASON GRASSES IN THE SOUTHWEST

Victor A. Gibeault
Extension Environmental Horticulturist
University of California, Riverside

Both cool and warm season turfgrass species are used in the Southwest; the former because they have good turf quality characteristics, are well-recognized turf species, are seeded grasses, and they retain their color throughout the year. The most common cool season grasses used are Kentucky bluegrass, perennial ryegrass, and tall fescue. The latter, the warm season grasses, are, in general, better adapted than cool season grasses because of the climate that characterizes much of the area. In addition to an adaptation advantage, warm season grasses provide excellent cover, good turf quality characteristics, and vigorous recovery during warm weather, but these grasses do have the disadvantage throughout much of the southwest area of winter dormancy. The commonly used warm season grasses include common and hybrid bermudagrass, St. Augustinegrass, zoysiagrass, kikuyugrass, and seashore paspalum.

For sod production purposes, the most common warm season grasses grown include the hybrid bermudagrasses (especially 'Tifgreen' and 'Santa Ana') and St. Augustinegrass. Although there is an increasing interest in zoysiagrass because of its minimum maintenance characteristics, only limited production occurs in the Southwest. Most likely, increased attention to zoysia will be given when new varieties are released from current plant improvement programs.

Seashore paspalum, a relatively new turf species, is being grown by a few sod producers and used in areas of moderate winter temperatures. This warm season species has superior high salt tolerance to other turfgrass species; it also has good turf quality characteristics.

Kikuyugrass is not being grown by sod producers; however, it is a warm season grass that invades turf sites and is then maintained by the facility. It is a very vigorous, invasive grass, and is particularly well-adapted to the southern California coast from Santa Barbara to San Diego counties. Chemical control programs for kikuyugrass have not been successful; conversely, breeding programs for plant improvement have not been undertaken.

COMPUTERS - WHAT CAN THEY DO FOR YOU?

Panel: H. B. Michelson	Michelson Sod Farms Elk Grove, California
Ike Thomas	Thomas Brothers Grass Company Granbury, Texas
Stephen Browne	Bay City Turf Bay City, Texas
William L. Campbell Moderator	Fairlawn Sod Nursery Lynden, Ontario

INTRODUCTION:

Computers are now advertised so widely that, as a businessman, you start to feel that somehow you're going to be left behind if you don't rush out and buy one.

In most buying decisions for new equipment, you are able to read spec's, go to demonstrations (such as our Summer Field Days) and finally, and often most important, you talk to people who are using the equipment: how long have they had it, does it break down often, does it do what the salesman said it would, and so on.

For computers this isn't always as easy as buying a new tractor. For one thing, the salesman often talks in a jargon you don't comprehend such as Bits, Bytes, RAM and CP/M.

That's what our panel would like to shed some light on this morning, based on practical in-house experience over a period of time.

H. B. MICHELSON:

In 1979 we became interested in computers and started to analyze what we thought we might need and what was on the market. We soon came to the conclusion that the companies selling computers were interested in selling only the hardware. The stock answer was that there were tons of software on the market and they were sure we could find something that would work. None of those companies would sell on that contingency.

After a few weeks of looking, I was completely confused. Then I found a small manufacturer of equipment who advertised they would contract for a complete system, both the hardware and the software. After contacting them and explaining my problem, I was told to make a list of all the things I thought I wanted from a computer. The list I made said I needed a complete bookkeeping system that would work for a sod farm. I wanted to do the

invoicing on the computer to stop the mistakes in math on our hand-written invoices. I wanted a statement at the end of the month so I did not have to wait for our CPA to do the work. I wanted a method of inventory control so I knew how much sod we could sell without running out of product. This had to take into account orders that we had for future delivery, changes in harvest dates, loss caused by various conditions, etc. The mailing list was a real problem to keep up to date, and getting out a mailing was another problem - maybe the computer could do this. Then there was the payroll and all the records for it.

We had a meeting and it was agreed that they could adapt some of the existing bookkeeping programs and write a new program for the invoicing and inventory control, that a mailing list and sort program were on the market and, even though I did not ask for it, they felt that I needed a word processor. This surely proved right. It is the most valuable program we have. They came back with a proposal that could supply our needs in both hardware and software and would have us in operation with everything working in 90 days. The price for this package was \$14,000.

But, like I said before, the software is everything. It took over a year to get all the programs working and some still do not do all that I want. Even with these drawbacks, I would not be without the computer. The control of our receivables has kept our bad debt loss to less than 1% and this has paid for the equipment many times.

After the first year our data files exceeded our disk capacity and we had to enlarge to a double density disk. Then again, about 18 months ago, we needed more space and converted to a 29 Megabyte hard disk.

After 5 years of operation we started to get hardware breakdowns. We were told this was due to the dusty conditions at the farm.

At this time we also felt a need for a computer that would give more versatility. Our system would only allow one user on the computer at a time. This was a problem as the bookkeeping kept the machine tied up most of the day. We decided to purchase the televideo computer that would allow up to 6 users at the same time and would run 2 or more printers. It is also compatible with our present software. We just finished installing this system and, at this time, we are most pleased with it. I now can get to use the computer for statements, what if's, letters and form printing while the bookkeeping is going on and it is still daylight outside.

This new machine also has a tape backup system which takes the pain and time out of making proper back up of the day's entries. We have now contracted with a programmer to work over our programs and actually work in the office one day a week to help our people get the maximum out of the computer.

IKE THOMAS:

We have had a computer for almost four years now. Our current computer is a TRS 80 Model II Radio Shack.

When we bought our computer we thought we were spending too much time and money on bookkeeping. Well, since then we probably spend even more time and money on bookkeeping, although we are probably more accurate and we get reports more quickly. Income statements, balance sheets and our payroll are done much faster and easier.

Our computer is a single user system, as opposed to a multi user system where a number of people can enter or receive data at the same time.

Our computer has 256 K memory, approximately 3/4 of megabyte storage, 3 floppy singly sided disk drives, and a printer with 120 CPS.

Our software is a canned Radio Shack business software that we have modified to our business. We use a general ledger program, and payroll program quite extensively. At one time we implemented an accounts payable program, but it would not interface with our general ledger so we dropped the accounts payable program.

Our major problems have been equipment or hardware breakdown and finding a programmer who has extensive knowledge in both computers and accounting. We also ran out of space or capacity fairly quickly and our 120 CPS printer is too slow.

In summing up our experience and feelings on computers, although we have had our problems with our computer and software, and have outgrown it, we are none the less committed to using computers, and we are now purchasing a new Altos 40 Megabyte hard disk multi user system. With this system and new software, we plan to implement, along with our general ledger and payroll, an accounts payable program, accounts receivable program and inventory program.

Again, our payroll program is something that I think we couldn't do without as it does our payroll, writes checks, makes the deductions, payroll reports, and all of the W-2 forms.

So, we have had our problems, but think the benefits of computers out-weigh the drawbacks.

WILLIAM L. CAMPBELL:

Our micro-computer was purchased two years ago. It is a single terminal unit manufactured in Toronto by a small company called Megatel. It has 128 Kb RAM, a CP/M operating system and is of the 8 bit design. Data is handled with dual 8" DSDD disc drives. This means each drive can hold up to one mgb of data or in practical terms, it means it can hold the G. L. accounting data for 12 months for our Ontario business.

The dot-matrix printer has been a highly reliable Mannesmann-Tally, Model T1805. This model has print speed of 180 characters per second and a so-called "correspondence" quality of 100 c.p.s., which is a darker print. Printers also tend to be noisy. An optional hood may be necessary for some.

The approximate cost of the computer and drives in U. S. dollars would be \$4,500. The printer would be \$2,000.

Our equipment would probably operate an average of 15 hours per week. In terms of reliability, the computer has had to be returned to the manufacturer several times for repairs during the two years. Some of our troubles were due to static electricity damaging the Keyboard micro-processor. We now have an anti-static mat which is under the operator's chair and is grounded. It does make a difference.

Whatever equipment you purchase, I would suggest you check out the dealers ability to provide a "loaner" when repairs are required.

At this point, I should mention that while I have discussed hardware first, the experts would recommend that you select your programmes or software first and then pick the hardware that will run them.

The accounting programmes we have in use are General Ledger, Accounts Receivable, and Accounts Payable. Of these the General Ledger has been in use for two years, the Accounts Receivable for one and the Accounts Payable for only two months. These programmes are sometimes called "canned" in that they are not customized for sod operations and therefore cannot produce some of the special reports that others may have, such as cost per roll. On the other hand they normally come essentially "bug-free" and at a moderate cost. Each of the modules in our system, i.e., the General Ledger, Accounts Receivable, and Accounts Payable, currently sell for \$600 each. Inventory and payroll modules are also available. The programmes are written and supported by Micro Business Applications of Burnsville, Minnesota. They may be purchased through the dealer where you buy your equipment and he will "install" them for you. A couple of reminders in purchasing your accounting programme, (1) try to test it at the dealers using some of your own data, and (2) examine the manuals for clarity. Some are very confusing.

Some comments: The General Ledger programme makes it convenient to "break-out costs" to a greater degree than with a "one-write" accounting system. For example, fertilizer: with the one-write you might have just one category.

With the computer you could readily split out fertilizer for sod, fertilizer for other cash crops and fertilizer for resale, all simply by assigning a different account number. In practice, a 3-part cheque is coded according to expense category with one part going to the computer operator for entry at month's end.

The General Ledger programme is also convenient for providing monthly management reports, such as an income statement or balance sheet. The income statement can be customized so that it shows actual and budgeted income and expense for the month and actual and budgeted for the year to date. It could also be set up to show actual and previous year. The original formatting of a custom report such as I've described might take two to three hours. After that, the operator can produce your month-end income statement or balance sheet in about five minutes.

The Accounts Receivable programme handles all our sales data. It could print an invoice if we wished, however, since many of our bills are written in the field, this feature isn't used. In practice then, the operator takes a bundle of invoices and enters them into the terminal where it is stored on a floppy disc. Depending on how busy we are, this might happen every second day. Likewise, payments on account, discounts and allowances, or whatever, would be entered.

At the end of the month, the operator does some final checking and calculates and adds on service charges. Monthly statements for 150 accounts can then be printed in about 20 minutes. The other plus available is that the aged account receivables list, complete with names and telephone numbers is ready for your immediate follow up. Some options available are using open item or balance forward in printing of statements. Breakouts are also possible by territory or salesman. Some disappointments were that our programme can't automatically calculate and assign service charges, or put a custom message on the statement such as "please return your pallets promptly or else." Also, you can't bring up a customer's account on the screen for a quick scan. You can, however, quickly print a copy of his transactions for a specific period.

The payable programme was started January 1st of this year. It allows invoices or statement totals to be entered to the respective vendors and designated according to month and week of payment. At any time you can get a report on the total dollar value of accounts to be paid at a particular time. The payables programme has not been installed because we have only about 35 cheques to process every two weeks. A one-write system by Safeguard is used and preparation is done by our dispatcher during a "slow" part of the day.

Other programmes: For word processing, we have one called "Wordstar." These programmes are useful if you have a document several pages long to be edited and which may have many revisions. They are also useful for maintaining mailing lists, printing address labels, and preparing "boilerplate" letters.

For financial planning there are a number of "Calc" programmes on the market such as Visi Calc, Supercalc, Calcstar, and so on. We have Supercalc.

Programmes of this type are typically used for "what if" situations. For example, you would enter in your 12 month cash flow forecast of revenues and expenses. Then you can say "what if revenues were 5% lower than forecast, or what if wages are 3% higher than forecast."

The other programme is a Data base programme, known as D-Base II. Programmes of this type are easily customized for storing and retrieving large amounts of data. They are adaptable to mailing lists, inventory management, pallet control and analysis of sales.

Cost of each of these three programmes runs from \$250 to \$500 each. The word processing has been used moderately. To date we have not made significant use of the others, however, I can see that they have potential.

Some Closing Observations:

If you have a single location dedicated primarily to growing and trucking sod and a minimum of other revenue sources, I would recommend that you use one-write systems for all aspects of your accounting.

The computer does not lend itself to a one-person office. It's hard to enter data and be interrupted by the telephone, dispatching of trucks, writing invoices, etc.

Your data must be well organized. Programme implementations can easily take 6 to 9 months for the first one.

The computer probably won't save accounting time if you are looking only at standard maintenance of GL/AR and AP. It's at its best in providing management reports as you may require them. The catch is, are you prepared to study them monthly. Many of us are satisfied with an annual financial report, and only want to know - How much tax do I have to pay this year?

In closing, for the small to medium sized farm, if purchasing a single terminal computer today - I would consider an 8 or 16 bit model - CP/M operating system with one 400 Kb disc drive and a 5 Mgb hard disc. The alternate would be the IBM PC XT or imitation, which has a different operating system (MS/DOS). There is a good supply of "canned" programmes available for both.