



BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

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Rush to:

FILE

INSURANCE 'CRISIS' HITS SOD OPERATIONS, ASPA OFFERS AT LEAST PARTIAL SOLUTION

As more and more farm insurance policies come up for renewal, owners are learning that the insurance "crisis" they've read about in the papers is very real. Some farms are having their insurance cancelled outright, others are being asked to pay rates 100 to 500 percent higher than last year.

"Why your insurance premiums are about to go up," was a November/December, 1984 "TURF NEWS" article that forewarned ASPA members and suggested that they begin pricing their product for the increased cost of insurance that was inevitable. That suggestions still makes good business sense, and a review of that article might be worthwhile.

Another solution available from ASPA is an endorsed workers compensation insurance program. The advantages of this special program are multifold. First, it's available only to ASPA members, and thus only the experience rates of the members are included. Next, the initial premiums are highly competitive. Lastly, policyholders have an opportunity to earn a dividend each year when the cost of claims is low for all those insured. The company also offers the services of a loss prevention representative and helps improve farm safety.

Details of this program are available from Casualty Reciprocal Exchange, a member of the Dodson Insurance Group, 92nd St. and State Line, Kansas City, MO 64114. Call toll-free for details 800-821-3760. In Missouri call 800-892.3431. Identify yourself as an ASPA Member.

MAKE YOUR BUSINESS LETTERS WORK

Many people absolutely hate to sit down and write that necessary business letter. When they're done, they often aren't happy with the letter itself, only glad that it's done. Here are a few suggestions on how you can improve the end result, it not make it an easier task to face:

1. Write your letters as soon as possible. Delays are bad because you fret all the more about an old one and your delay not only says something negative to the recipient, it gives them a reason to delay their response.
2. Decide why you're writing and what you need to say. Put it in one sentence, usually very near the start of the letter.
3. Be direct, brief and active in your writing. This will help keep your letter to one page, tell the reader why you're writing and keep their interest.
4. Close all letters crisply. Tell them what action you expect and when it need to be done.
5. Read your letter out loud when it's done. See if it sounds natural. Don't try to sound too important or too businesslike, pretend you're talking to the person.

These steps won't write your business letters for you, but they should make them easier to write and more effective.

GETTING MORE FOR YOUR (LOAN) MONEY

Negotiating the average life of a loan may prove as important as the amount of capital you borrow or the interest rate. By arranging for annual lump-sum payments, rather than monthly installments, you can increase your average available capital. Here's an example to demonstrate the point:

Monthly Payments on a 5-year, \$100,000 loan will give you an average life of the loan of 2.5 years because at least half of the loan will be paid in the first 2.5 years, and you no longer have the use of that amount. In other words, you have use of the full \$100,000 for 2.5 years and therefore, the cumulative capital available to you for 5 years is \$250,000 (2.5 average life, times the loan amount).

Equal Annual Payments of \$20,000 each for five years will give you a higher cumulative capital average, because you actually have use of the loan money for a longer period. In this example, the average life of the loan now becomes three years, not 2.5 and the 20% difference will give you \$300,000 of accumulated capital over the 5 year period.

This approach to debt repayment can lessen your borrowing needs; lock in a source of capital and fix its costs (with fixed interest rates); reduce your costs to raise future capital and increase your real cash flow.

BUDGET CUTS AND LIABILITY INSURANCE...
TWO PROBLEMS REQUIRING GROWERS' ATTENTION

Prepared by Cecil Collings, Chairman
ASPA Business Management Committee

I must apologize to our International Members for using this portion of the newsletter to discuss a couple of matters that are primarily of interest to our members within the United States.

The first concerns the Agricultural Extension Service. Budget cuts are coming down hard on agricultural extension and while I think we all agree that balancing the budget is vital to the health of the nation, let's be sure the cuts are spread evenly. Projected cuts in funding for ag extension run as high as 59 percent.

Please contact your local extension agent to find out what your state is doing and how you can help him. As a minimum, make sure your elected representatives realize the scope of the green industry and the importance of the support we get from the extension service and the various research facilities.

My second concern is one that affects us more personally since it may affect our ability to remain in business. This is the skyrocketing cost of liability insurance. Various solutions are being considered, but at this point, no action is imminent.

Senator McConnell of Kentucky has introduced a bill that would put a \$100,000 cap on pain and suffering awards and require punitive damages to be paid directly to the court, much like a fine, rather than to the plaintiff and his or her attorney.

Senator Danforth of Missouri is sponsoring a bill to set uniform product liability standards at the federal level, thus eliminating 50 different state standards.

Limitations on contingency fees by attorneys are also under consideration. California has a medical malpractice law under which an attorney can take up to 40% of the first \$50,000 awarded, but the attorney's share then reduces by statutes to 10% of any amount over \$200,000.

Probably the thorniest issue is the concept of "joint and several liability," under which a claimant sues practically everyone in sight and usually ends up collecting from the defendant with the most money or the largest insurance policy, even if that defendant had only a very minor degree of fault. A roll of sod lying on the highway which, it is claimed, caused an accident could result in all the growers in the entire area being sued. And, even though no one could prove where the sod came from, each individual grower would have to defend himself.

I'm not suggesting we have the answers, but let's be sure our elected representatives know we are watching them and expecting results. They will respond if they get enough letters.

COMPUTERS --- THE CRITICAL FIRST YEAR (Part 2 of a Series)

(Doane's Agricultural Report, Copyright 1986)

Managing your diskette information (continued)

Some kind of printed record of what's on each diskette is necessary. If you keep the same kind of information on each disk, the disk label itself may tell you all you need to know, for example "Word Processing Work Disk" or "Accounting Data-December 1985." If your data files or programs do not easily fit into one strict category, you should set up an indexing system. One way is to give each disk a code number and write it on the disk label. Elsewhere, you can keep a printed record of the files on that disk. One easy way to do this, with computers that can print out the contents of the video screen at any time by pressing special keys, is to list the diskette's directory, print out the screen, and keep the printout inside the diskette's storage jacket.

Since the contents of diskettes tend to change rapidly, you might consider purchasing a disk cataloging program, which will track the contents of your collection automatically.

Read the Manuals! Don't buy before you try!

To avoid having a box dedicated to "bum" software programs, try the software before you buy it and read the manual carefully before using the package. Most good dealers will have demonstration copies that you can try out. Better yet, find someone who has the program and arrange for a personal demonstration.

Once you get the software home, don't try to see how far you can get without resorting to reading the documentation. Because you'll miss many shortcuts and features, using the program may seem difficult if not impossible. Take time to read the manual thoroughly before giving the program a test run.

Next issue: Getting and Keeping the Necessary Supplies

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