



# BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

1855-A HICKS ROAD  
ROLLING MEADOWS, IL 60008

FIRST CLASS MAIL  
U.S. POSTAGE  
**PAID**  
Rolling Meadows, IL 60008  
Permit No. 662

Rush to:

FILE

JUNE / JULY, 1989

## SECTION 89 DELAYED TO OCT. 1, MODIFICATION/REPEAL CONSIDERED

Section 89, that complex, confusing and costly rule calling for "statutory" benefits, has been delayed at least until October 1, 1989, according to Secretary of the Treasury Nicholas Brady. At the same time, a call for repeal of the IRS section has been gaining momentum under the direction of Rep. John LaFalce (D-NY), causing House Ways & Means Committee Rep. Dan Rostenkowski (D-IL), to offer a significantly modified bill that would simplify many of the tests and requirements.

Although Hill watchers suggest that serious consideration of revisions or repeal won't take place until the fall budget-reconciliation legislation, they also warn that serious attention needs to be given this item at all times.

Section 89, as it now stands would require employers to comply with a series of complex tests to determine if their benefits plans discriminate in favor of a few highly compensated employees. If the firm fails the discriminatory tests, excess benefits costs must then be shown as W-2 income for the employee. Making the determinations has proven to be extremely time consuming and confusing among those firms who have attempted to comply with the requirements when they were first scheduled to become effective on January 1, 1989.

While employers do not have to presently comply with requirements of Section 89, they are advised to remain aware of developments, contact their Congressmen and Senators to voice their concerns and to be prepared to comply with a new regulation if it is eventually issued.

LONG-TERM PLANNING SEEN AS IMPORTANT  
FACTOR IN SUCCESS OF OPERATIONS

Although successful businesses place heavy day-to-day demands on their owners, a recent American Express survey shows that comprehensive long-term planning is often seen as a key to the very success the firm hopes to achieve. Based on ASPA's 1989 membership survey, it would appear that at least two-thirds of the respondents have taken a major step in preparing for the future of their businesses by developing a formalized plan to transfer ownership in the event of disability or death of the owner.

According to the American Express survey, business owners tend to neglect planning for emergencies, their own financial security and the security of their employee's health care. At the same time, the survey showed that the highly successful firms had already established formal agreements for purchasing ownership in the case of emergencies; insurance to cover operating income in the case of death or disability of an owner; major medical or group health plans for employees, retirement, pension or life insurance plans for employees and formal valuations of the company's worth.

ASPA's own survey showed that of the two-thirds who had established an ownership transfer agreement, an estate plan, with defined transfer to heirs was the most frequent form (44.2%), followed by a corporate continuation plan through shareholders (33.3%), a buy-sell agreement (13.3%) or a partnership continuation agreement (6.7%).

Although seemingly continuous changes in the estate tax regulations make it a difficult process, professional advisers strongly suggest that every owner should establish contingency plans for their businesses.

IMPROVE PRODUCTIVITY AND COMPANY IMAGE

Turfgrass sod farms are always seeking new ways to improve the productivity of their employees and this usually includes seeking qualified replacements or staff additions.

"Entrepreneur" magazine suggests constant recruitment, even when the firm doesn't have any immediate openings. By accepting unsolicited resumes and conducting interviews, a firm can always have a base of promising candidates when the need does arise.

"The Idea Book," a new Productivity Press publication suggests encouraging workers to look for problems and offer their solutions. According to the book, by first showing how an individual's job relates to the overall business, he/she will be better able to grasp the "big picture" and then suggest what might be done to improve their own productivity or that of a fellow worker. Improved pride and a feeling of belonging increases motivation and the desire to do even better.

Becoming actively involved in community affairs and civic groups has also proven beneficial to many firms. This would be particularly important at a time when significant issues are facing the community such as water rationing, area growth and the like. By already being known as a concerned citizen, your views will be heard more readily and you'll know who to turn to for assistance.

CAN YOU AFFORD TO HAVE A RESERVE FUND?

Prepared by Ronald Nixon, Chairman  
ASPA Business Management Committee

The question is whether it is practical for a business to have, as a matter of policy, a large cash fund set aside in reserve. Such a fund, though it would draw interest, would be tied up and not involved in the production of more turfgrass. The return from the interest earned would probably be less than the eventual return from turfgrass production. If this is true, such a fund would be created at the expense of the growth of the business.

So what possible purpose could such a fund have? For one thing, it would serve as insurance to protect the business in a fast developing crisis situation. Such a fund would allow the company to make instant monetary decisions by the stroke of a pen.

Collected and taxed monies could allow for company expansion without as much risk, with the absence of borrowed money.

At a time of unpredictable economic downturns, it could also allow for the employment of key personnel through unprofitable times. Such a fund could finance a dramatic change of company direction if things change and what you have to sell is no longer in demand.

A reserve fund would be a luxury for a company to have and in no way essential to normal business operations. So much has been invested in the business, if a reserve fund could serve to protect those assets, then it may be something worth thinking about.

NOTE TO ASPA READERS: Your comments about the newsletter and suggestions for articles and other improvements are always encouraged and welcomed. We would also welcome "guest columnists" who are willing to write an article for the publication. Clippings from other publications of articles that may interest the ASPA membership are also very helpful.

Please address your comments to the ASPA office at 1855-A Hicks Road, Rolling Meadows, IL 60008, or call Ron Nixon in Alabama at 205/687-6751 to discuss your ideas.

HOTEL & PAY PHONE CHARGES REQUIRE  
CLOSE ATTENTION TO AVOID HIGH COSTS

Whether it's a driver calling in for instructions, or the owner calling to check on progress, it now pays to be very aware of what potential telephone costs will be to avoid excessive charges. Since the reorganization of the telephone industry and the introduction of new firms and equipment, telephone charges are far from standardized and may be very confusing.

Even in hotels, guests should be aware of potential line and add-on charges. An increasingly common practice among hotels is to add a per-call charge onto all calls made from the room. This might be a fee of 50-75-cents for local calls outside of the hotel and \$2.00 or more for long distance, all in addition to the actual time charges used by the caller.

One way around the in-room phone charges is to use a public phone; however, that can become even more expensive for the caller if he is not certain which long distance service is being used. Some independent long distance phone companies charge up to five times the rates typically charged by AT&T, MCI or Sprint for example. While the telephones may all look the same, it is usually worth the time and possible minimal charge to determine which company is being used.

If a long distance credit card is available, the caller can use any long distance phone and by punching in a special code, obtain the services of their preferred carrier. Before entering your credit card numbers, on a touch tone phone, dial the following to obtain one of the following carriers AT&T 10288; MCI 10222; Sprint 10333.

Instructing everyone who may be making long distance calls how to use the carrier preferred by the company can result in considerable savings in a very short time.

SALES CONTRACTS SHOULD CLAIRIFY  
WHEN OWNERSHIP OF SOD TRANSFERS

Your driver unloads 10 pallets of sod at a new construction site and after spending 15 minutes trying to find the contractor, finally asks one of the workers to sign for the delivery. Later in the day, the contractor calls your office to complain about either the quality of the sod or the amount delivered. You tell him you have a signed receipt, acknowledging delivery of 10 pallets of first-quality sod. A question of when the sod transferred ownership immediately arises. Must the contractor pay for goods he says either weren't delivered, or weren't satisfactory quality?

A recent court decision, citing the Uniform Commercial Code, found that unless otherwise agreed to, title passes to the buyer at the time and place at which the seller completes his performance of delivering the goods. However, it went on to say that the supplier is responsible until the buyer safely secures the goods, holding them at the buyer's disposition, and giving the buyer notice so he can reasonably accept the delivery. Leaving the sod with an unnamed worker was not effective delivery.

Sod producers should have an attorney review their sales contracts to ensure that "send-to" and "deliver-to" provisions are clearly stated and all delivery drivers must be made aware of the risks they take in just leaving a load of sod on a site without proper authority.