

MANAGEMENT LETTER

Vol. 10-Nov. 15, 1982

Trends indicate that the recession is about over... Federal Reserve is putting some new life into the economy. Still fighting inflation, but giving things a "breather". Lower interest rates will definitely have an impact. Long delayed recovery will allow business to move upward slowly, according to reports. Profits are expected to be much better in 1983 with good percent gains from previously depressed levels. Inflation about 5½% this year, 6% or less in 1983, forecasters say.

Energy prices will probably see very small increases in oil and related products. Electricity, however, is suppose to go up about 15% a year average, they say.

Withholding statements must be given within 30 days to employees who leave who leave your employment, if they ask for them. They can't be put off until the following year if they request them promptly.

According to IRS, only 15% of the short fall in tax collections is due to the taxpayer claiming excessive deductions and credits. The lion's share of collection problems come from unreported income. Auditors are focusing in on that. It might be well to add up all your deposits and compare it to the income you report on your tax return. You should be able to justify any difference in case of audit. Identifying the source of deposits on the deposit slip and also on your deposit register will help find things that are questioned.

Sound advice is not to believe rumors by the grapevine that other suppliers are having trouble with a particular company. It pays to evaluate because it could prove to be a valued customer.

When checking with a customer about credit, a long pause at the other end of the line might have significant meaning. Be aware and check it out.

Declining ratings in Standard & Poor's and Dun & Bradstreet are specialized ratings as a symptom. Close watch on the local credit report is extremely important.

Signs of recovery...being patiently awaited. One Washington service reports that the current emphasis is "running leaner" by asking "do we really need this?" Preparing to move fast once the recovery actually gets going, planning and being organized for aggressive promotional activities, trimming deadwood such as extemporaneous reports, non-important activities. Profits maybe surprisingly strong when things open up because of lean and efficient operations and planning.

3% to 4% growth in 1983 anticipated and a break in the inflation rate should last.

JB
BEARD

(OVER)

American Sod Producers Association
Assn. Bldg., 9th & Minnesota
Hastings, Nebraska 68901
Phone (402) 463-4683

Banking will change dramatically...with new competition in underwriting and selling mutual funds, revenue bonds, acting as real estate brokers and developers. Special services for senior citizens and investment counseling, corporate and personal consultation and accounting. Bank charges to go up.

ASPA's Financial Operating Ratio Study delayed...by action of the ASPA Board of Trustees. Containing costs plus concern that the report during this recessionary period would not be meaningful particularly when things begin to take off and improve, were justifications for the action.

When you are criticized, delay a response until you figure out if the critic is (1) trying to make himself look better by putting you down, (2) knows enough to make an intelligent observation about the subject or (3) is sincere in seeking to improve the situation. Then you can best pick the response to deal with it.

Associations are even more valuable in hard times...states Robert F. Lederer, CAE, Executive Vice President of the American Association of Nurserymen. "This is a difficult year for our industry; certainly not all firms are suffering, but many are. Many businesses find it an absolute must to cut back in every way possible.

But during times like these trade associations become more important than ever. They must speak for the industry in the nation's capital and in the state capitals. Their public relations and advertising programs become more vital than ever. Association activities become even more essential in times like these.

If an association is worth your dues in good times, its worth even more in bad, and dues are one of the smallest items on your list of business expenses."

Saving on telephone costs when calling from hotels...is surprising. One of our reporting contacts indicates that from most hotels, it is less expensive to use the long distance operator and a credit card. Most hotels make a surcharge of 30% or more for long distance calls. Even greater savings can be made by making calls from convenient coin operated phone booths. Avoiding prime time between 8 A.M. and 5 P.M. is helpful. These can cost you as much as 150% more than off-peak-hour calls.

Legal fees run up by companies successful in fighting clean air battles with EPA can be paid by the government! EPA lost a court battle recently in which EPA claimed that only public interest groups and not profit corporations should have their bills paid by the government. EPA paid \$36,830 to a large electric utility for legal fees.

Tax break for retired executives...can go to top executives who continue on as directors or consultants after they retire from the company. IRS has tried to collect self-employment tax on the money they earn. But the Tax Court decision has ruled that such earnings are not subject to self-employment tax. It only applies if the person goes into business for himself. If the person does part time work for the former employer, he has not established himself in business. The key is the retired executive must work solely for his former employer. If he seeks out other customers, then he's "in business". (Steffens, T.C. memo 1981-637).

Note: This monthly newsletter is compiled and published under the auspices of the ASPA Business Management Committee to serve as a helpful business update for all ASPA members. We invite your comments and recommendations.

AL GARDNER, Chairman
Business Management Committee