



BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

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FEBRUARY/ MARCH, 1992

SBA PROGRAM ADDS \$16 MILLION TO LOCAL TREE-PLANTING PROGRAMS

Turfgrass sod producers throughout the U.S. could see increased sales of sod for local and state projects as a result of the Small Business Administration's (SBA) 1992 allocation of \$16 million to tree-planting projects. Similiar to last year's program, states are eligible for a portion of the \$16 million, based on their grant request, which must be supported by at least 25% state-matching funds.

Due to ASPA's efforts, turfgrass sod, purchased by the state, can be included in the state's fund match; however, all federal funds must be used to purchase or maintain trees.

ASPA members should contact their state Urban Forester, usually a member of the Forest Service office, to encourage including turfgrass sod in all state projects. Urban Foresters may not be totally familiar with the SBA allowance for sod in the program and the benefits this would provide the overall project and its environmental advantages.

U.S. COURT OF APPEALS REVERSES SOD IMMIGRATION LAWSUIT

According to the U.S. Court of Appeals, the Department of Agriculture did not violate any procedural processes in making a determination that turfgrass sod did not meet its "perishability" definition and thus excluded sod from the Immigration Reform and Control Act.

"Turf News" magazine will contain a complete report on this decision. No immediate effects will be felt by sod farms or workers.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that this publisher is not engaged in rendering legal, accounting or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought. Published bi-monthly for members of the American Sod Producers Association, under the auspices of the ASPA Business Management Committee. We invite your comments and recommendations.

LOCATE SUMMER EMPLOYEES WITH ASPA INTERN PROGRAM

Sod farms seeking seasonal employees can now turn to ASPA's Student Intern Program as another source for qualified individuals. Bi-monthly listings of interested students are presented in each issue of "Turf News" magazine.

Students enrolled in any turfgrass management (or related) program file a complete resume form with the ASPA office, and select information is extracted for the "Turf News" listing. Any ASPA farm interested in receiving the complete resumes, in order to consider a student applicant, can request a copy from the ASPA office, at no charge.

Sod farms will benefit from this program by being able to easily identify and employ qualified, interested individuals, while the students will benefit by gaining significant hands-on experience in turfgrass sod operations.

Contact Tom Ford, ASPA Program Administrator at 708/705-9898 for more information, completed resumes or to list a position you would like to fill within your sod operation.

IRS GETTING TOUGHER ON EXPENSE ADVANCES & REIMBURSEMENTS

Beginning in June, 1991, the Internal Revenue Service (IRS) has been strictly enforcing its new policies and penalties requiring an "accountable plan" for all business related expense advances and reimbursements. Stiff penalties against both the employer and employee all but require a thorough review of current practices and changes to ensure full compliance.

An "accountable plan" must include these three conditions:

1. expense must have a business purpose
2. substantiation of the expense and its business purpose is required
3. excess payments provided to employees must be returned to the company.

Expense advances and reimbursements that do not comply with the "accountable plan" must be treated as employee income, with proper payroll taxes being withheld. The company, or its senior executives, may be held liable for the employee's tax if proper payments aren't made. Travel advances should not be made more than 30 days before the event and excess advances must be reimbursed to the company within 120 days of the event.

Because of its complexity and potential penalties, the advice of a tax accountant is strongly recommended.

TRUCKING REGULATIONS

Prepared by Wayne Thorson, Chairman Business Management Committee
Todd Valley Farms, Mead, Nebraska

Changes! Lots of changes! That's how you can describe what is ahead in the trucking industry in 1992. Most sod producers have trucks to deliver their sod. If you are one of them, you need to familiarize yourself and your employees with these changes.

Probably the greatest change is coming April 1. This is the date all operators of commercial vehicles over 26,001 pounds must have their Commercial Drivers Licenses (CDL). There are some exceptions in certain states for vehicles registered as "farm" trucks. Operating without a CDL after April 1 can bring a \$2,500 civil penalty to the driver and up to a \$5,000 criminal penalty and 90 days in jail to an employer who knowingly allows someone to operate a truck without a CDL. These are federal requirements and penalties. A state may impose stricter regulations.

Drug testing has already been implemented and random drug testing is now required. Companies with only a few drivers can join consortiums to make testing easier, with less paperwork. Check with your state Motor Carrier Association to find out what kind of assistance they can offer.

Everyone should have a copy of the Federal Motor Carrier Safety Regulations. A copy should be kept in your office and each of your drivers should be given a copy. Cost is about \$2.50 per book. These books and other information are available from: American Trucking Associations, 220 Mill Road, Alexandria, VA 22314-4677, Phone: 1/800-ATA-LINE, in Virginia, call collect 0/703-838-1754.

If you are in doubt as to whether you are complying with all of the regulations, you should check with your local authorities. We have enough problems during the busy season. Don't add to them!

MEMBER MARKETING TIP -- BEWARE OF THE QUIET CUSTOMER

Prepared by Randy Tischer, Green Velvet Sod Farms
Bellbrook, Ohio

On our farm, it's not the noisy customer we worry about. The noisy customer never wastes any time letting us know when we goofed-up his order. We always know where we stand with him. It's harder to tell how we are doing with the quiet customer. But the following tip has proved helpful in getting the quiet customer to talk.

Try sending out a short survey card periodically, with your customer's invoice. Make it easy to answer (30 seconds or less), easy to return (postage-paid) and convey the message that you are truly concerned about the quality of your product and service. Questions like, "How was the sod -- beautiful or full of weeds?" "Was the delivery on time or late?"

Post both the good and the not-so-good returns in your office for everyone to see. Even if that quiet customer throws his card into the "round-file" he will remember that you cared.

PREPARE A FORMAL 'PINCH BUDGET'...JUST IN CASE

In the mind of every successful turfgrass sod manager, there is probably at least a vague plan of what steps will be taken if the year's budget isn't being met. However, few of even the top managers take the necessary time to prepare a formal "pinch budget" that can be used if the operation doesn't perform as originally planned. A "pinch budget" can help reduce anguish and errors.

After the year's formal operating budget has been finalized, take the time to develop a second budget. This "pinch budget" will take into account what steps will be taken if the original budget isn't being met. What costs will be cut, by what percentage, in what order? Where can savings be realized with the least negative impact on overall profitability? Knowing that price-cutting only creates vast problems of its own, what other business steps will have greater effects? The "pinch budget" should be every bit as comprehensive as the original operating budget and leave no consideration unmet.

If the year is as strong as originally forecast, the "pinch budget" becomes just another piece of paper that can be used next year, but, if business is down, a pre-determined plan will help avoid last-minute, panic-induced management decisions that may hurt the company more than they help.

KEEPING THE BEST FULL-TIME AND SEASONAL EMPLOYEES ON THE FARM

Even with unemployment rates high, staff turnover and morale problems can be reduced or eliminated with a few rather simple techniques.

Perhaps the first and foremost need any employee has is for information. Hold quarterly or monthly meetings to let the employees know how the business is doing, what the plans are and what they can do to improve the situation (their own, as well as the sod farm's). Help the employees feel that they belong and are a very important segment of the farm's success or failure.

Other steps you can take would include:

1. Know every employee by name and give them some form of identification, such as their names on uniforms or even the piece of equipment they normally operate.

2. Give everyone the opportunity to contribute. Ask for their ideas on how an operation can be improved and try as many of these suggestions as possible. Given more authority and responsibility, most employees will improve even more.

3. Motivate everyone with non-money items such as coffee and donuts on occasion, letting them use the shop to work on their own vehicles afterhours, or even letting them use farm vehicles on occasion to drive to and from home.

Don't forget to say thank you and to congratulate people for a job well done. Sure, your employees are receiving a check for doing the job, but to encourage them to perform even better, a kind word will go a long way.