



BUSINESS MANAGEMENT

AMERICAN SOD PRODUCERS ASSOCIATION

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OCTOBER /NOVEMBER, 1992

MIDWINTER SEMINAR & CONFERENCE -- New Orleans, February 3-5

Three full days of education, exhibits and social activities are now being finalized for New Orleans, under the direction of ASPA Conference Committee Chairman Richard Schiedel and the plans made by the committee this summer. Because of the direct member involvement, the program promises to answer many of the needs expressed by sod producers around the world.

"How Family Members Can Farm Together Without Family Trouble" will be the optional pre-conference seminar Wednesday, February 3. Taught by University of Nebraska professor, Dr. Ron Hansen, the day-long session will explore the inter-personal and non-tax/legal issues of families who farm together and want to prepare for succession of ownership to future generations.

The February 4-5 general and concurrent educational presentations will offer a combination of motivation and inspiration, along with very up-to-date research findings of special interest to turfgrass sod operators. Sessions will cover everything from agronomics and the environment to business activities and advertising.

A new feature in the ASPA exhibit area will be "Exhibitor Tech Sessions" presented during the hall's open hours each day. Exhibiting firms will sign-up for 45 minute sessions that will allow members to gain additional information about the firm's products and services.

Social functions during the conference will capitalize on many of the famous New Orleans traditions such as Cajun and Creole foods and music.

STATS SHOW LARGER HOUSES ON SMALLER LOTS,
Impact on sod sales debatable

Houses have gotten 20 percent larger, but lot sizes have shrunk by nearly 19% according to the National Association of Home Builders (NAHB) in a survey report covering 1978 to 1990. The impact of this trend on future turfgrass sod sales is very debatable, and perhaps can be influenced by localized sales efforts.

According to the NAHB, the average 1979 lot size was 18,760 square feet, with a house of 1,755 square feet, allowing approximately 90 percent of the lot (17,005 sq. ft.) to remain open for other features such as yards, decks, etc. The association's figures for 1990 show that lot sizes have been reduced to 14,860 square feet, but the houses have increased to 2,080 square feet, leaving only 86% (12,780 sq. ft.) of the lot open for other improvements. Over the past 12 years covered by the NAHB's statistics, the trend toward larger houses on smaller lots is very steady.

For turfgrass sod producers, there are at least two ways of looking at these figures. The pessimist will look at the trends and conclude that business will get worse, as there will be less and less available space for turf use. The optimist will see a greater opportunity for the use of turfgrass sod because of smaller yard area will make sod use more immediately affordable and the smaller yard will become an area of greater significance to the homeowner.

Looking at extremes, lots of an acre or more are not frequently sodded because of the high initial outlay and the tendency to not only cut financial corners, but to reduce the importance of a high quality, large lawn area. At the other end of the size spectrum, smaller lots increase in importance to the homeowner because the people are physically and visually restricted. Also, the costs to install sod on a smaller area can be afforded by many more people.

NO-COST HOUSING & EMPLOYMENT STATS
AVAILABLE FROM ASPA BY PHONE OR FAX

Up-to-date, monthly statistics for housing construction and employment figures are available, at no cost, to ASPA members.

Compiled and reported by the National Association of Home Builders every month on a state level, and in many instances by major metropolitan areas, the figures can help in determining specific patterns within a sod producer's market area. Planting, promotion and pricing predictions can be made on a more qualified basis with the use of this information.

ASPA members can request this service by mail, telephone or fax by contacting the staff office in Rolling Meadows, IL. Mail requests to 1855-A Hicks Road, Rolling Meadows, IL 60008; phone 1/708-705-9898 or fax 1/708-705-8347.

401(k) PLANS -- GOOD RETIREMENT PLANNING FOR YOU AND YOUR EMPLOYEES

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One of the problems with employee "fringe" benefits is that they are no longer a fringe. They can equal 30 percent or more of an employer's payroll expenses. The establishment of a 401(k) retirement plan is an attractive benefit to you and your employees, with minimal cost to your company. 401(k) plans get their name from Section 401(k) of the Internal Revenue Code and it allows an employer to establish a profit-sharing plan which permits employees to redirect a portion of their salary into the plan before it is federally (and possibly state and locally) taxed.

The advantages to your company include: the attraction and retention of good employees; motivational incentive for employees to make higher profits for the company; amounts contributed to the plan by the company are tax deductible; and it encourages employees to take personal responsibility for their retirement decisions.

The advantages to your employees are: the reduction of the employee's taxable income from federal (and in some cases both state and local taxes); earnings on contributions accumulate tax-free until distribution from the plan; allows employees the opportunity to make contributions to their 401(k) account in excess of IRA limits; employees may (depending on their income level) have an IRA in addition to a 401(k) plan; contributions to the plan are made on a payroll deduction basis providing a convenient method of saving for employees; and employers can allow employees to self-direct their funds.

After meeting general qualification rules, a 401(k) retirement plan must meet three special requirements: 1. salary deferrals of the highly compensated group of eligible employees cannot be excessive with respect to the salary deferrals of the remaining eligible employees; 2. salary deferrals must be 100 percent vested; 3. salary deferrals cannot be withdrawn before age 59 1/2 except for a "financial hardship."

401(k) plans can be "Stand Alone," employee contributions only; "Add On," employee contributions added to a discretionary company contribution, or "Matching" employee contributions which are "matched" by the company up to a stated limit, example: 50 cents-match per \$1.00 contributed.

401(k) plans may be used by sole proprietors, partnerships, corporations, Sub-S corporations where the key individuals are relatively young and highly paid as compared to the rest of the employees. Discussions with both a CPA and an attorney who specializes in retirement plans are highly recommended before attempting to establish a 401(k) plan. Life insurance and investment companies can be contacted later to provide assistance with administration as well as government compliance and reporting.

THIS FALL, LINE-UP NEXT YEAR'S SEASONAL EMPLOYEES

Before the season comes to an end, and with it the departure of your seasonal employees, this fall would be a good time to begin planning for next year.

Among your considerations should be:

1. Who would you like to see return next year?
2. What are the chances that current unemployment trends will make it easier or harder to find qualified employees next spring?
3. What costs are you willing to incur to help assure the right people will return?

If you identify one or more people whom you would like to see return next spring, some or all of these approaches may help:

1. Encourage the person to file for unemployment during the off-season.
2. Offer an "early return bonus," that you will pay in addition to normal wages at the end of the first pay period next spring.
3. Obtain information on how you can contact the individual(s) during the off-season. Permanent addresses or telephone numbers of friends or relatives who could reach your employee are helpful in letting the person know when you'd like them to return in the spring.
4. Help the individual(s) obtain off-season employment in your area and offer part-time work throughout the year when it's available.

'EXCESS COMPENSATION' CHARGES BY IRS AVOIDABLE WITH SOLID CORPORATE MINUTES

Owners of new sod farms, or those farms that are expanding may choose to re-invest corporate earnings into the farm's needs rather than take the money as compensation. But, as the operation matures, the owner quite naturally wants to receive compensation for all of his hard work, investment and time. Without good corporate minutes that clearly spell-out the firm's intentions, the U.S. Internal Revenue Service may attempt to charge the firm or individual additional taxes for what it deems to be "excess compensation."

Most states require that corporations hold at least an annual meeting and create minutes to report on that meeting. This is the time when the owners should define their plans, record their intentions and carefully spell-out the business reasons for the decisions they reached. These minutes can then be relied upon to support the firm's actions when the IRS or any other governmental body comes calling.

Mini-marketing tip: DON'T LET YOUR OWN GOOD DEEDS GO UNNOTICED

Make sure your customers know that you have corrected any problem they might have had. By making a follow-up phone call to customers who have had a problem that you've already remedied, you remind them how important their business is to you. It's simple, but effective.