

Super Sized America: The Public's View of Company Size

From the main street hardware store to mega Wal-Mart stores, businesses come in all shapes and sizes. The way these companies operate really isn't all that different, however, the perception of these companies can be viewed very differently by the public. Shaping a favorable perception or image of a business is the cornerstone to being successful.

The largest companies always battle an image that they are only concerned with profit margin to the detriment of communities and employees. In recent years, there has been an onslaught of negative attacks against large companies like Wal-Mart and Enron.

Wal-Mart in particular has been hit with a barrage of criticism. While we like our big screen televisions, monster SUVs like the Hummer, super size combo meals, size and mistrust go hand in hand.

The nation's largest retailer is certainly an extreme example of size. Walmart alone is China's fifth largest export market, passing up both Germany and Great Britain. They employ 1.7 million full-time employees. The largeness of this \$300 billion juggernaut has fueled a myriad of "sweat shop labor" claims. Others say the prevalence of "Made In China" stickers on their products is also driving our trade deficit with that Asian country to record levels. The U.S. trade deficit with China currently stands well over \$100 billion.

Wal-Mart is simply an example of problems encountered by a large company, and it isn't an endorsement or indictment of their business practices. Whether we are talking about Microsoft or Wal-Mart, these mega-corporations certainly face image and publicity challenges that Ed's Main Street Diner does not.

To pre-empt attacks on a company's character, large companies are constantly working to establish a reputation of

being a good corporate citizen, contributing to charitable causes and giving back to the community. Even though some consumers demonize Walmart, the company continues to sell products because of volume and affordability.

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However, small businesses face their own marketing challenges. They have to prove that they are competitive and they struggle to create branding and name identification. Big or small, businesses must maintain effective marketing plans.

These are ongoing public relations challenges that companies must manage. In a country where bigger has become synonymous with better, America's infatuation for all that is large doesn't always extend to company size. Many communities have gone so far as to prevent the entry of malls and chain stores in order to preserve their main street retailers. However, other municipalities have helped large retailers by offering them tax credits and have even aided these mega stores with securing choice locations through eminent domain powers. These large businesses employ a large number of people and contribute significant tax revenues. However, condemning private property is a sensitive issue and many communities have responded with outrage.

It's ironic that success naturally translates into growth, and that size can lead to new challenges.

Do You Know?

- In 2002, the Dallas Mavericks paid \$650,000 in damages arising from junk faxes sent unsolicited. (see article page 3)
- In May 2005, Forbes released the top five cities in which to start a business. The winners were: Boise, ID, Raleigh Durham, NC, Austin, TX, Washington, D.C., Albuquerque, NM
- Wal-Mart leads the pack in attracting subsidies, this year collecting \$10 million in Denver; \$500,000 in Dallas; \$36.7 million in Scottsdale, Ariz., (as part of a shopping center that includes Lowe's); \$9 million in Bartlesville, Okla.; and \$17 million in Lewiston, Maine.



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Lawyer Jokes – Frivolous Lawsuits Are No Laughing Matter For Business

Frivolous lawsuits are costly, not only for the litigants, but for all of us. The bill for these courtroom battles have to be passed on to someone, and that isn't good for business. As a result, Congress has been working on tort reform to limit baseless court cases.

In October 2005, the U.S. House of Representative passed two pieces of legislation to restrict frivolous lawsuits – H.R. 420 the Lawsuit Abuse Reduction Act of 2005. The legislation passed with strong bipartisan support on a vote of 228-184.

These lawsuits can be especially crippling for small businesses which are less able to afford the legal representation that some of the country's larger corporations have on retainer.

Among other things, the legislation would allow a judge to issue a judgment for the reimbursement for legal expenses. It would prevent "court shopping" by allowing plaintiffs to only file in jurisdictions where they live or do business. Sanctions for attorneys or parties filing frivolous lawsuits would be mandatory. The measure would also remove a "safe harbor" provision that safeguards plaintiffs and their lawyers from frivolous sanctions if they file and then withdraw their claim within 21 days. This is a tactic that can be employed to scare a defendant into settling out of court.

The legislation may not totally end crazy lawsuits that hurt business owners, but this is certainly a significant stride in the right direction.

The U.S. trade deficit for 2004 hit almost \$618 billion.

Source: The Seattle Times

Why Sunbelt?

We are able to provide intermediary services between a Buyer and Seller of businesses in all price ranges and industries. Our broker professionals can give you the crucial confidentiality you need throughout the buying process and national network exposure you need to bring the right buyer to you.

The Sunbelt name has the reputation to support the sale of your business from initial listing all the way through closure. Our awards support our achievements. Our advertising supports our growth, and our client satisfaction keeps us at the forefront of the business brokerage industry.

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<http://www.sunbeltnetwork.com/sellers/faq.jsp>

The Scales of Justice



After ENRON: 409A and What it Means For Business

Owning or running a business is a complex endeavor to begin with, but when you consider the detailed and ever-changing employment laws, managers have additional challenges staying current on the law. Employees on the other hand, need protections for their retirement plans.

The Enron debacle brought this issue to the forefront. Investors lost a whopping \$60 billion when the big corporation came tumbling down.

In October 2004, Congress created the American Jobs Creation Act, and it was signed into law later that month by President Bush. The Act established Section 409 A which governs non-qualified deferred compensation plans. The section created rules, obligations and penalties for sponsors. A non-qualified deferred compensation plan includes traditional deferred compensation retirement plans and employment severance. It does not include profit sharing and 401 k plans, vacation time, or sick leave.

Recently, the Treasury Department proposed regulations on Sept. 29, 2005 that affect severance payments.

The proposed regulation will have a couple impacts. The deadline for compliance has been pushed back another year, from Dec. 31, 2005 to Dec. 31, 2006. The regulations also add detail to the requirements stock options must meet for exemption from 409A.

Plans that fail to qualify are subject to taxation as annual gross income. Non-compliance with the regulations means that income may be subjected to a 20 percent excise tax.

With the corporate scandals of recent years still fresh in the minds of millions of Americans, these proposed regulations are widely viewed as taxpayer friendly and are yet another reform measure to further protect employee benefits.

Another Satisfied Client!

Thank you very much for your commitment and outstanding performance in the selling of Booth Lumber Co. You and your team are committed to creating the highest dollar fair market value for all the companies you sell. I have the highest praise for the professionalism, dedication, communication and persistence in the execution of the selling process.

Carlos I. Ripley

In 2003, the trade deficit with China topped \$124 billion.

Source: CNN Money

Small Business Owners Hope For Health Care Insurance Relief

Health insurance costs are a tremendous expense whether you are an employee or employer. Small business owners are especially hit hard because their insurance pool is much smaller.

Large corporations and unions are at an advantage because they have strength in numbers, diluting their insurance risk. Small business owners around the country are clamoring for a level playing field, and there is hope Congress might act on this important issue.

The U.S. Senate is currently considering Small Business Health Plan legislation, or Senate Bill 406, which would allow businesses to partner up in associations extending across state lines to purchase affordable health care coverage. The bill has passed the U.S. House of Representatives in previous years and President Bush supports the legislation, but the Senate has yet to act.

Junk Fax Law Affects Business Community

Those cheap Caribbean vacation offers resting on your fax machine may be a thing of the past. "Junk faxes" are the target of a new law designed to take the nuisance of out of people's lives. First, the telemarketers were the focus of regulators when a no-call list was adopted. Now, the blast-faxers are in the cross-hairs. While some people might be pleased with saving fax paper, some businesses will tell you that a critical tool has been removed.

These aren't "junk" faxes to everyone. Trade associations and business interests have lobbied Congress to resist eliminating facsimile advertisements.

However, a 2003 FCC rule requires businesses to receive written consent forms before sending unsolicited commercial faxes. Congress passed

the Junk Fax Prevention Act on July 9, 2005. The legislation imposes a \$500-\$1500 fine per fax sent unsolicited. The law would allow commercial entities and trade associations to continue sending faxes if a pre-existing business relationship exists. The fax must also contain contact information and details about opting out. Currently, there is an injunction of the new law allowing business as usual -- for the time being.

Several state legislatures have also adopted similar provisions.



Go Global/Act Local

Greg Kells – Ottawa, Canada

(45 degrees latitude and 75 degrees longitude)

Doing business in Ottawa is like business all over the world. It's just BUSINESS. But *Good Business* is what I want to talk about.

Liviu Goldenberg was tired. Tired of a job that required him to be away from home as much as nine months per year. Tired of the rat race. Tired of wishing he and his wife could see more of their daughters both of whom live in Ottawa. Mr. Goldenberg decided it was time to change and leave his current career and start a new life in Ottawa as a business owner. He searched the newspapers and the Internet and he found one of my Sunbelt Business Broker offices. It didn't take long to find a business that was a great fit and as he states "a perfect match for my skills. In fact, based on my requirements and budget, thus far this purchase has been a perfect match."

Mr. Goldenberg went on to say, "The professionalism, proficiency and persistence made this transaction a pleasure to complete without the normal stress related to acquiring a new business."

Greg Kells is president of Sunbelt Business Brokers Inc. Canada with a staff of 15 in Ottawa and franchises across the country.



SUNBELT – Who We Are

SUNBELT Business Advisors LLC is the largest office network of business brokers in the world. Whether you are looking to buy or sell a business, we have the resources to help you reach your goals. With hundreds of offices worldwide, and the most skilled brokers in the industry, SUNBELT Network has behind it the marketing savvy and worldwide exposure that you can only get when you list your business for sale with us. And if you are looking to buy a business or buy a franchise, no other business brokerage company can offer the selection and quality of businesses that SUNBELT brokers can provide.

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