

“Small Business - Big Opportunity” Finding Solutions to Small Business Challenges

MORRISTOWN, NEW JERSEY • MARCH 15, 2011

On March 15, 2011, the Travelers Institute launched its first of a series of symposia across the country to identify specific challenges facing small businesses in Morristown, New Jersey. The policy discussion, “Small Business – Big Opportunity,” brought together small business, government, and community leaders to raise awareness and seek solutions for the issues facing small businesses across the country. The Travelers Institute chose New Jersey for its first symposium because the state has undertaken several initiatives to create a positive climate for small businesses. The panel discussed the promotion of job creation, and economic growth, as well as the importance of disaster planning and risk management for small businesses.

Moderated by Joan Woodward, Travelers Executive Vice President, Public Policy, and head of the Travelers Institute, the panel included:

- Opening Remarks – Marc Schmittlein, President & CEO, Travelers Select Accounts & Agribusiness
- Assemblyman Anthony M. Bucco, New Jersey General Assembly, District 25
- Steve Liberti, President & Owner, Harbor Freight Transport Corporation
- Paul Boudreau, President, Morris County Chamber of Commerce
- Donna Childs, CEO of Childs Capital and author of “Prepare for the Worst, Plan for the Best”



L to R: Paul Boudreau, Morris County Chamber of Commerce; Joan Woodward, the Travelers Institute; Steve Liberti, Harbor Freight Transport Corporation; Donna Childs, Childs Capital; Marc Schmittlein, Travelers

- Liz Allen, Executive Vice President, Rue Insurance
- Bob Brody, Senior Vice President, Risk Control, Travelers
- Closing Remarks – Elizabeth Mackay, Senior Policy Advisor to the Lieutenant Governor at New Jersey Department of State

As one of the largest insurers of small businesses in the United States, and with a countrywide network of more than 10,000 independent agencies – most of which are themselves small businesses – Marc Schmittlein echoed Travelers’ commitment to helping find solutions to the challenges facing entrepreneurs, adding that the mission of Select Accounts is to “promote the prosperity of American small businesses by providing solutions that help manage risk and protect assets.” The symposium was a fitting backdrop for Schmittlein to announce the results from a recent Travelers survey of more than 600 small business owners. The survey revealed that tax compliance, health insurance mandates and operational compliance (permits, licensing and inspections) create the biggest regulatory challenges for entrepreneurs. Another finding showed that more than half of all respondents believe small business is more heavily impacted by government regulation than big business. Schmittlein offered a reminder about the importance of disaster planning, citing a Select Accounts survey that found fewer than half of American small businesses have a disaster plan – a point worth reiterating given the American Red Cross statistic stating that 40% of American small businesses don’t reopen after facing a disaster.



L to R: Liz Allen, Rue Insurance; Anthony Bucco, New Jersey General Assembly; Paul Boudreau, Morris County Chamber of Commerce; Joan Woodward, the Travelers Donna Childs, Childs Capital



Bob Brody, Travelers

Assemblyman Bucco emphasized the need to recognize that small businesses are the lifeblood driving the economies of New Jersey and the United States. He emphasized the importance of government providing stability, predictability, and reliability for small businesses. As examples of steps the state has taken to promote a positive small business climate, he cited the new Business Action Center as an effective one-stop center for assisting with permitting, regulatory compliance, and funding options. In addition, he mentioned the governor's bipartisan Red Tape Review Commission that is charged with identifying burdensome regulations and policies and seeking solutions to eliminate those challenges, and funding "Main Street New Jersey" to save and create new small business jobs. He encouraged those in attendance to engage their local legislators to help deal with small business challenges.

Steve Liberti, President and Owner of Harbor Freight Transport Corporation, shared his views of the growth of the family-owned business over 40 years, going from seven employees to over 100 employees. Liberti related the challenges of being subjected to redundant regulatory requirements, which create a burden for hiring additional employees and impose additional costs on his



L to R: Liz Allen, Rue Insurance; Anthony Bucco, New Jersey General Assembly; Paul Boudreau, Morris County Chamber of Commerce; Steve Liberti, Harbor Freight Transport Corporation; Joan Woodward, the Travelers Institute

business. One example is the six to 12 week timeframe to complete background checks and fingerprinting of new hires plus the redundancy of local, state, and federal agencies requiring the same information, but not coordinating processes. He referred to the required identification that each employee is required to have as "necklace of IDs." He also outlined the 15-step process required to put a new truck driver on the road.

Paul Boudreau compared the regulations that small businesses face to a "quadruple decker sandwich," meaning governments at the federal, state, county and local levels impose regulations that businesses have to contend with as part of their daily operations. He also pointed out that while headlines focus on Washington, DC, the role local



L to R: Liz Allen, Rue Insurance; Anthony Bucco, New Jersey General Assembly; Paul Boudreau, Morris County Chamber of Commerce

government plays in regulating small business is critical. He gave the example of a new business in Morris County that had been working with the township government for eight months to get approval for a sign for the front of the business. Further, the local government cost this businessman \$1 million as a result of not getting permits in time, which triggered changes in his financing agreements. Boudreau also discussed the Morris County Chamber of Commerce's "Listening to Business," an initiative designed to engage local and county officials in small business challenges. The Chamber conducts face-to-face meetings with local business owners to discuss the top issues they are facing, publishes the findings, and hosts a meeting with the Mayor, city council, planning department and other key elected officials to discuss and seek solutions.

Donna Childs, a small business owner whose company was located in lower Manhattan during the 9/11 attacks, brought to the panel her experience of surviving a disaster and reopening her business. She related that she had, among other actions, moved her back-up data off-site so she could restart her business if her office location was destroyed or damaged. She authored a book, "Prepare for the Worst, Plan for the Best," based on her experiences to serve as a resource to other small businesses on business continuity planning.

Liz Allen, a minority owner in a fourth-generation small business, reflected on the amount of resources governments dedicate to



L to R: Bob Brody, Travelers; Liz Allen, Rue Insurance; Anthony Bucco, New Jersey General Assembly; Paul Boudreau, Morris County Chamber of Commerce; Joan Woodward, the Travelers Institute; Steve Liberti, Harbor Freight Transport Corporation; Donna Childs, Childs Capital; Marc Schmittlein, Travelers

enforcement of regulations instead of educating businesses about proper regulatory compliance. She also spoke about the importance of risk management for small business owners, such as protecting property and assets, understanding liability and potential legal actions, knowing personnel, protecting net incomes, and disaster preparedness. Allen gave an example of a small business that was damaged by the 9/11 attack. The firm was only backing up its data quarterly and as a result of 9/11, they lost nearly three months of data. The company had paid a \$500 insurance premium for coverage for this kind of event which protected them from the \$6 million of lost income the data loss caused.



Donna Childs signs a copy of her book “Prepare for the Worst, Plan for the Best” for William Rue, Rue Insurance

Bob Brody spoke of the need for businesses to focus on the day-to-day issues when it comes to risk management, in addition to focusing on the big events that naturally draw our attention such as adverse weather. He stressed the importance of “front-door management” in the hiring process to make sure that small businesses protect their business assets. This includes undertaking background checks for employees who often interact with customers both in the businesses and the customer’s home, as well as pulling Motor Vehicle Records for employees who will be driving on company business. He also

encouraged business owners to identify their particular day-to-day activities and risks, such as the traffic pattern in the store, and for example, solvents on the premises that customers might come into contact with or that could potentially pose fire hazards. For small businesses that can’t dedicate staff to solely focus on risk management, Brody advised that their insurance agent or carrier can provide valuable resources. For disaster or business resiliency planning, he pointed to the Institute for Business and Home Safety as a resource.



Elizabeth Mackay, New Jersey Department of State

Elizabeth Mackay, representing the lieutenant governor’s office, reviewed the work the office is doing to help small businesses through the Red Tape Review Commission. The commission is working on a “common sense” perspective to guide fashioning regulations and to eliminating outdated regulations. The approach includes advance notice of rulemaking, pre-regulation meetings with stakeholders to gain input, and waivers for unduly burdensome rules or conflicting regulations. As a result of the commission, New Jersey has adopted a “final decision” guideline to prevent rules from changing. The date a permit application is filed serves to lock in the rules that were in effect on that date to govern the consideration of the application.

The necessity of coordination was the primary takeaway from the discussion. Participants agreed that the burden of regulatory compliance can be alleviated through increased coordination and elimination of redundancies at the federal, state, and local level and development of “one stop shops” -- one location for facilitating business startups and regulatory compliance. The group agreed risk management and mitigation are key activities all small business owners need to apply in their everyday operations. They encouraged small business owners to coordinate guidance from their accountants, lawyers and insurance agents to ensure all aspects of their operations are properly protected.



THE TRAVELERS INSTITUTE | **TRAVELERS** 

travelersinstitute.com

The Travelers Institute, 700 13th Street NW, Suite 950, Washington, D.C. 20005

© 2012 The Travelers Indemnity Company. All rights reserved. Travelers and the Travelers Umbrella logo are registered trademarks of The Travelers Indemnity Company in the U.S. and other countries.
M-16573 New 8-12