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The Art of Running a Small Business

October 11, 2010, 7:00 AM

This Week in Small Business: Bankruptcies, Waivers and iPads

By GENE MARKS

Dashboard

MAYBE I SHOULD HIRE SOMEONE. Intuit's small-business employment index [for September shows](#) slowing job growth, reporting that "for small businesses with fewer than 20 employees, only 27,000 new jobs were created." Compensation also declined. "It's a disappointing number, but it's not unexpected," Joel Prakken, chairman of Macroeconomic Advisers, [told CNBC](#). "G.D.P. growth has slowed to below the growth rate of productivity, and it's inevitable that you'd have this deceleration in jobs." The overall unemployment rate [stayed close to](#) 10 percent. Even the American Jobs Creation Act of 2004 made little impact [according to research](#) by Mitchell Petersen, a professor of finance at the Kellogg School of Management. Anyone out there hiring?

MORE BANKRUPTCIES. The American Bankruptcy Institute [reported last week](#) that there were 130,329 consumer bankruptcy filings in September, up 3.3 percent from August. Filings were up 11 percent over the first nine months of the year compared with the first nine months of 2009. "We expect that there will be nearly 1.6 million new bankruptcy filings by year end," said Samuel Gerdano, A.B.I.'s executive director. The consumer mood is [still weak](#). (But things may be picking up for the airlines — at least judging from [how happy](#) these flight attendants seem).

WHERE'S MY WAIVER? Last week [it was announced](#) that McDonald's and 29 other companies would receive waivers from certain requirements under the current health care legislation. The blogger [Doug Powers asks](#) where his waiver his. [David Whelan asks](#), "If companies can so easily get waivers to keep selling insurance made illegal by ObamaCare, can individuals apply for waivers to avoid paying the \$950 penalty for not buying the right insurance?" Maybe this is all part of the president's plan [for a détente](#) with business. Will small-business owners support him?

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How I Saved My Company



The New York Times is inviting small-business owners to submit videos about what it's like to own a company that struggles but survives. If you'd be willing to make a video, send us an e-mail.

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Craig Fritsche, who owns a building supply company in

WHY WOULD ANYONE GIVE THIS UP? The [average asking price](#) of a small business in the Kansas City area dropped 12.4 percent in the third quarter compared with a year before. [Nearly half](#) of small-business owners may never retire, according to a Gallup poll.

AND THE EXPERTS WEIGH IN. Scott A. Shane of Case Western University [says that](#) reducing uncertainty is the ticket for economic growth. Gary Shapiro, president and chief executive of the Consumer Electronics Association [says small businesses](#), entrepreneurs and innovators are bearing an unfair regulatory burden. Representative Bill Cassidy [says that](#) the threat of higher taxes tomorrow is enough to stifle hiring and investment today. The political activist Lloyd Chapman [argues that](#) federal small-business tax breaks are not enough.

I HATED "THE GIRL WITH THE DRAGON TATTOO." Boring. But here are a few interesting books that came out last week. "[Guerrilla Social Media Marketing](#): 100+ Weapons to Grow Your Online Influence, Attract Customers, and Drive Profits" by Jay Conrad Levinson Shane Gibson. "[It's a Jungle in There](#): Inspiring Lessons, Hard-Won Insights, and Other Acts of Entrepreneurial Daring" by Steven Schussler and Marvin Karlins. And if you're going into the food business, try "[The Restaurant](#): From Concept to Operation" by John R. Walker. Before you do, though, you might want to read [this study](#). (I'm eating in tonight.) Not into reading? Then consider going to the D.C. area this week for [this small-business bootcamp](#).

AH, TO BE YOUNG AND INNOCENT. The finalists in [Businessweek.com's sixth annual search](#) for America's Best Young Entrepreneurs (under 25) seemed to all have one thing in common: "lean and focused on getting profitable before expanding." Really? Who knew? There are 25 of them competing for readers to vote on who's the best.

OF BANKS AND PRINCIPAL ROONEY. The America's Recovery Capital loan program expired this week. But [no one seems](#) to be mourning its loss. Leah Grant [advises us on](#) three ways *not* to fund your small business. The investment blogger [Kevin Drum](#) doesn't believe that these government bailout programs do any good. He asks, "Does anyone think the reforms of the past year have made large scale bank failures impossible? Anyone? Bueller?" Bank of America [is getting into](#) the microloan business. The S.B.A. [claims its](#) loans are "spurring a continued rebound." And for those of us who missed out on all this money, The Wall Street Journal [writes how](#) many lenders have second-look programs. But [we're still borrowing!](#) And [one investment firm](#) says that's a good thing. If your business has been as flat as mine, are you even looking to borrow?

CAN I BE YOUR BUDGET BUDDY, TOO? The economist Pete Davis [reports that](#) Paul Krugman, Nobel Prize winner; Martin Feldstein, the noted economist; and Jan Hatzius, Goldman Sachs's chief United States economist, are all gloomy about the coming months: "I kidded a budget buddy later that being an economist allowed my friends to overlook my chronic depression." That's not really funny. Grab a Red Bull and watch [the video here](#).

I'LL TAKE YOU SERIOUSLY WHEN YOU LEARN HOW TO SPELL. The Economist [doesn't think](#) the government should waste its time on small businesses. "It is true that small companies create jobs, especially when they are first born. And small companies destroy millions of jobs when they die — which is often. In fact, only a small fraction of smaller enterprises are capable of generating sustained growth of very many jobs. Yet lawmakers of both parties fall over themselves as the protectors of small business,

Virginia, is the small-business poster boy of the moment.

• **The Great Debate: People or Profits?** <#> (13)

At the Inc. 500 conference, a debate about priorities.

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