

## **Onondaga Citizens League**

**Study Session #10 January 27, 2017**

**“How CNY Works: Examining the Diversity of Our Economic Base – Past, Present and Future”**

**Meeting topic: “The Role of Small and Family-owned Businesses in Central New York”**

**12-1:30 p.m., Progressive Expert Consulting (PEC)**

### **Panelists**

Stephen Barr, Business Opportunity Specialist, Small Business Administration

Michael Cartini, Business Advisor, Small Business Development Center

Greg Schwarz, Volunteer, SCORE

Michael Feng, Vice-President of System Integration, Progressive Expert Consulting

Laura Miller, General Manager, Darco Manufacturing

Don Hazelmyer, Founder and President, Dynamic Hybrids, Inc.

Michael Feng welcomed attendees to the meeting. He said he hoped the information from this session, as well as information gathered from all the study sessions, would help create an eye-opening report. He said the goal of the study is to affect some kind of change, and to bring to light issues that can be addressed in our community. Feng noted that most of the work on the study is being carried out by people volunteering their time, and he thanked the volunteers for their efforts.

Co-chair Craig French asked panelists to talk about their businesses.

Laura Miller spoke about Darco Manufacturing. She described it as a small enterprise, with 36 employees, and revenue of \$5 million per year. She said a manufacturing engineer, formerly employed by Carrier Corporation, founded Darco. The company specializes in Computer Numeric Control machining. She said Darco was one of many manufacturing industries that formed as a result of Carrier downsizing; using contractors for much of its production work. Miller said she began working at Darco in human resources. She said the company is hoping to grow organically, working with existing customers who are growing their businesses.

Don Hazelder spoke about his company, Dynamic Hybrids. The company manufactures hybrid, integrated circuits. He said the company takes printed circuit boards and makes them smaller, lighter and more powerful. Hazelder worked for a small electronics company and then worked for General Electric. He founded Dynamic Hybrids 25 years ago.

Michael Feng talked about PEC, which his mother, (who has a PhD in instructional design), founded in 1987. PEC is a technology company and a service provider. Currently, its primary clients are Special Operations Command and The Air Force. PEC has created a virtual school through which military personnel take classes. The company has offered 82 languages. Instructors, who are all native speakers of the target languages, also teach about the culture of particular geographic areas. There are 120 employees; 110 work in Syracuse. There are 450 part-time contract instructors.

French asked the panelists to discuss challenges in starting a new business.

Hazelder noted that before starting his business, he took advantage of the services and counsel offered by the Small Business Association, SCORE and the Small Business Development Center, adding that the help was very valuable. He added that, even with a lot of planning, the financial piece is difficult. For example, having to order and pay for equipment necessary for a job that won't bring in any money for several months, is financially stressful.

Miller said in a small business, such as Darco, many people wear a lot of different hats. She said sometimes the attention span of managers gets stretched because they are focusing on several jobs at once.

In terms of advantages, she said a small company such as Darco can get to know employees and place employees where they are best suited. Miller said it is a huge advantage that employees can talk to each other each day, because of the company's small size.

Feng said the financial pressures of a small business, especially early on, can be difficult. He said that another challenge is finding excellent employees. "The technology doesn't matter if you don't have the right people," he said. The fellow panelists concurred on this point. It's a high priority to hire someone who adds to the team, as opposed to being negative, and detracting from the team. He agreed with Miller, that being a somewhat small and nimble company, allows for flexibility and creativity.

Hazelder said the advantages of owning a business are being your own boss and employing good people. He said the number one rule for him was to be honest, even when you have to deliver bad news to a customer.

Miller said that a great joy is seeing employees work together on a problem, ask questions and figure something out together. "It's like being on a top-notch sports team."

Feng said it is critical for companies to set goals. He said PEC sets company-wide goals each year. He noted that especially in businesses that are technology based, it is important to always be looking to see what is next. "Our customers look to us to see what is coming up," he said.

Miller said Darco does not set specific goals, but instead looks for senses of direction and opportunities with customers.

Hazelmeyer said he hopes to continue slow, steady growth for his company.

French asked the panelists about advice they would give people considering starting a business.

Miller would advise entrepreneurs to learn the craft and not to underestimate experience in the marketplace.

Hazelmeyer said be passionate about your work. Know the technology very well.

Feng said that potential business owners have to want success. He said to be prepared for a lot of hard work, including dealing with employees, taxes, and payroll.

Stephen Barr of the SBA said the Federal government defines small businesses very broadly, generally considering businesses with fewer than 500 employees small. The SBA does not track small businesses in a particular area. In his role, he works with businesses of all sizes.

Michael Cartini of SBDC said most businesses he works with have fewer than five employees. He said that nationwide there are more than a million start-up companies each year. Of those million, 40 percent fail by the end of the first year. Of the remaining businesses, 80 percent fail by the end of the fifth year. By the end of the tenth year, another 40 percent fail. For all new business owners the biggest hurdle is capital. He said it you don't have money; you are not able to borrow money.

Greg Schwarz of SCORE said his organization is all volunteer. He said using personal knowledge and experience, volunteers help with business plans and financing, and "try to get the ball rolling."

Schwarz said it is important to keep in mind that a successful business, even a very small one, can have a positive impact on the larger community.

Barr said that, from his experience, the businesses that are successful are ones that have a good team from the first day. The team could include a lawyer, marketing person, insurance professional and payroll service.

Cartini mentioned some new businesses that he has worked with lately, including a new bakery, cleaning businesses and digital media businesses. He said he has seen several new bars/nightclubs not succeed. He said it is critical to get assistance and guidance in following government regulations.