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The Small Biz Blues

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REGULATIONS

Survey finding: Heads of small companies in northern New Jersey are most dissatisfied with government taxes and regulations.

Reality check: Architect Chuck Dietz dislikes zoning regulations that block large tenants from moving into a municipality, but he appreciates those that favor building aesthetics. His Dietz & Associates firm in East Hanover, which has eight employees, developed the concept plans for Raritan Town Center, a 450,000-square-foot village center planned for Raritan Township.

"Municipalities don't want big boxes with 400-foot-long walls of gray," he said. "Raritan Township asked the main anchor tenants, Wal-Mart and Lowe's, to incorporate some of our architectural elements and features, like gable roofs with dormers, faux slate shingles, indigenous stone veneers and earthtone colors, into their building elevations.

"This is an example of cooperation between the developer, major tenants and the local municipality who worked together to create a successful project."

LOCATION

Finding: Four out of 10 business leaders would relocate for a cost savings of more than 20 percent. Nearly one-fourth cited Miami and Pennsylvania as their top destinations.

Reality check: A&G Research, an 11-person market research firm, spent 30 years in Manhattan before moving to Montvale earlier this year. The company saved 30 percent on its rent, according to Richard Grinchunas, president of the company. Miami and Pennsylvania were not on his radar screen.

Now, A&G wants to expand. "We are looking to attract new employees -- especially market researchers," Grinchunas said. The company does research on consumer brands such as Gerber, Pepsi, Dunkin' Donuts, Perdue and Hershey.

MONEY

Finding: More than 80 percent of small businesses surveyed rely on bank credit. Roughly one out of five obtained "angel" financing from friends or relatives. About one out of 10 received a government-backed loan, and fewer than one in 10 received venture capital financing.

Reality check: Bank financing was not an option for Apogee Photonics, which has 100 employees and offices in Somerset and Allentown, Pa. The company was formed last month through the merger of two startups after several venture capital firms ponied up \$9.7 million in financing. Apogee, which makes highspeed lasers for telecommunications networks, was advised by its lawyers and VC firms.

"A high-technology startup is considered a risky investment because most fail within the first few years," said Mike Decelle, chief executive of the Somerset County firm. "Bank financing requires sufficient collateral, which most startups lack, to back up the loan and regular payments to service the debt. Your average startup doesn't see a steady revenue stream until the third or fifth year. No bank is willing to carry 100 percent of the financing required for this type of company."

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