



## **The U.S. Business Environment**

The immense potential of the U.S. market is available to those who are prepared to comprehend its diversity and complexity and make intelligent choices in developing their business plans. New entrants to the market may be overwhelmed with the abundance of choices. Where should you locate? How should you go to market? What resources should you employ? How much should you invest? You can only answer these questions by doing your homework and seeing the challenge that these choices present as opportunities. Here is an introduction.

### **The Legal Dimension**

There is much bureaucracy to deal with. The laws that govern the U.S. are legislated and enforced by the central (Federal) government, state governments, county governments, city, town and village governments and other municipal entities. The State of Texas has 254 counties and roughly 1,200 cities and towns that can write laws, impose taxes and require business compliance reporting. True, Texas is perhaps the worst example (the State of Virginia has *only* 95 counties) but it is just one of 50 states. You can understand the hierarchy of U.S. laws by remembering that any social/business activity not governed by federal law may be governed by state law, then county law (parish in Louisiana), followed by municipal (city, town, village, etc.) laws. Generally, federal law applies uniformly through out the country. But state and local laws, which can affect your business, may be different from one community to the next.

### **Are You Present?**

You need competent legal advice to determine if you are subject to the rules of any particular legal jurisdiction. Certainly, you are subject to local authority, as well as all the government entities further up the chain, in the location of any physical office or plant that you operate. Beyond that if you have assets or employees living or working within a location or even sales made to a location you may incur some obligations to those jurisdictions. There are rules of thumb but these vary by state. Please, consult your attorney.

### **Taxes**

Once it is determined that you are subject to a particular jurisdiction you will then have the obligation to adhere to the required compliance reporting and pay taxes which are imposed in a variety of ways. Most states where you are registered to do business will also require you to collect, report and remit sales tax for all sales made within that state. State income and franchise tax laws vary considerably from state to state, and within a state, municipal property tax rates can fluctuate over a wide range.

### **Salary and Labor Rates**

Salary and labor rates can also vary significantly through out the country. Rates are generally higher in the Northeast, the upper Midwest and the West Coast and lower in the South but don't be guided by a rule of thumb. State law, the competitive environment, the cost of living and local cultural attitudes all influence labor rates. Don't forget to factor in the attendant social costs (employee benefits) that will be expected. If the cost manufacturing labor is a factor you may wish to seek out states that have right-to-work laws (laws that prevent workers from being required to join a union).

Manufacturers should also be wary of states with burdensome and expensive Workers Compensation laws.

### **Location, Location, Location**

Location, the most important criteria in real estate value may not be as important to your business. But, you should seek every advantage you can get. Being geographically close to your customer base may be paramount. Quality of life, access to qualified manpower, materials, utilities and transportation, are also important criteria. But sometimes you can have most this and the benefits of lower labor and taxes just by crossing a state line or locating a few miles away. We have seen labor markets within 50 miles of one another, in the same state, one pro-union, the other fiercely anti-union. Finally, if your business will generate local employment you will be able to bargain for incentives and other support from the state and local community. This might make a difference.

### **The American Worker**

Americans seek excitement and adventure in their work. Employers need to understand this and direct this energy in positive directions. The practice of establishing meaningful objectives, measuring these and recognizing accomplishments is critical. The best success is obtained when the employee is able to participate in all phases of this process. Expect that every facet of your program will be challenged. Beware of the distraction and exaggeration of the unforeseen events. Such eventualities should be considered when objectives are set. Managers need discipline to stay the course and intelligence to know when to change direction. Objectives should be sufficiently challenging and their achievement sufficiently rewarding to maintain interest because Americans sometimes become bored when everything is working according to plan.

The challenge for the American worker is to work smarter not harder. Teamwork is still distrusted. It stems from educational practices, which continue to this day, that force individuals of unequal commitment to work with one another in school. Let employees have a voice in team member selection. Help your high achievers to understand that they can reach greater heights by working intelligently within a team.

Promote cultural exchange.



Leveraged Management Services, Inc.  
230 Brampton Lane  
Lake Forest, IL 60045  
tel: +1.847.235.1620  
fax: +1.847.235.1621  
[www.lmsco.com](http://www.lmsco.com)