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Tough times for LV small businesses

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The growth of the Las Vegas economy has generated national headlines, but business isn't so great these days at B Manufacturing.

Sales at the sheet-metal and machine maker, whose client base is mostly slot-machine manufacturers, have slowed significantly in recent years, said owner Larry Block. As a result, the Las Vegas company dwindled to nine employees in the first half of the year, down from about 15 workers last year, Block said.

"Our business slowed down by about half because we lost some customers to overseas (manufacturers)," Block said. "We can't compete against manufacturers in China and Mexico, especially if they're paying a worker in Mexico a buck an hour."

A study released Friday reveals that B Manufacturing isn't the only local small business getting smaller.

The SurePayroll Small Business Scorecard, a nationwide survey of more than 15,000 businesses with 100 or fewer workers, shows that staff rosters at small companies in Nevada dropped by 2.1 percent in the first six months of the year. In addition, the scorecard reported that the average small-business paycheck in Nevada fell 3.5 percent in the year's first half.

Block said B Manufacturing's wages, which range from \$10 to more than \$20 an hour, haven't decreased, but he noted he hasn't given pay increases in a couple of years.

"If things really perked up, I would give raises," he said.

Michael Alter, president of SurePayroll in Skokie, Ill., said outsourcing isn't the only "macroeconomic" issue constraining small-business hiring in the state.

Alter said rising prices of crude oil and gasoline "are a huge supply cost to a lot of folks."

And though interest rates are at a structural low, they're still almost double what they were last year, he added.

"The cost of capital is high and the cost of supplies is high," he said. "Very few people can take price increases, so there's a pressure to keep prices low, even as costs are rising."

Small businesses in the Las Vegas Valley must also contend with a more competitive local economy.

Sam Dunbar, a manager with convention-services company ABC Rentals, said the company has kept its Las Vegas employee base consistent at about 20 workers this year.

"We haven't hired anyone recently because business is not growing," Dunbar said. "Business is stable."

Dunbar attributed flat growth at ABC Rentals to increased competition in convention services. National publicity surrounding the vibrancy of the Las Vegas trade show market, combined with new convention space at hotels such as Mandalay Bay and the Rio, boosted the number of convention-oriented vendors, Dunbar said. She estimated that of the 15 or so convention vendors serving the market today, seven opened in the last two years.

The April 28 opening of the 2,700-room Wynn Las Vegas and other additions to the hotel market, such as 900 rooms at Bellagio late last year, are also absorbing workers that smaller businesses might hire, she said.

"Finding skilled labor is getting harder," Dunbar said. "We can hire anybody off the street, but finding someone who can set up a network is a different thing."

As a result, Dunbar said, wages at her company are up 10 percent to 15 percent in the past year.

Donna Lattanzio, president of Millenium Staffing Services in Las Vegas, said hiring among her clients is up 35 percent to 40 percent in the past year in all size classes. However, Lattanzio said she's noticed that smaller businesses are struggling with growing competition for workers, as well as pricier benefits.

"The talent pool in Las Vegas is pretty limited right now. The opening of the new Wynn hotel did take quite a number of people," Lattanzio said of the 9,500-employee resort. "There are also a lot of businesses moving to the state, so we've seen the talent pool dry up a bit. Plus, benefits are a big issue. Health-care (insurance) is very expensive, and depending on the type of industry, the cost of workers' comp is very high. It's just difficult for smaller businesses to bring on additional workers."

SurePayroll develops the Small Business Scorecard by analyzing salary trends among its nationwide client base.

Nationally, the number of employees among small businesses is up 0.3 percent in the first six months of the year, while the average paycheck is down 2.3 percent, the report said.

In the West region, the number of employees is down 0.5 percent and average paychecks have dropped 2.6 percent.

At 31-year-old B Manufacturing's 14,000-square-foot office on Western Avenue, owner Block said he's taking a proactive approach to halting the employment slide. Last month, he hired an outside salesman "to go around and beat on doors" in search of new customers. The strategy has bred some success, Block said, but "it's tough getting in the door, especially at the hotels. (Hotel operators) have gotten big, and you just have to let them know you're here."

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