



May 21, 2012

For Small Companies, Recovery Not About Speed

Businesses continue to find ways to gradually expand as economy rebounds

By Cheryl Sarfaty



As the nation's economy continues to sort itself out, New Jersey's small-business community is doing the same, by taking slow, but steady, strides.

“I think at this point in the recovery, there's a much more optimistic outlook than a year ago,” said Joseph J. Seneca, an economist at Rutgers University's Bloustein School of Public Policy. “The improvements are in the right direction, the pace is picking up and, hopefully, nothing will derail it.”

So far this year, New Jersey has regained nearly 75,000 jobs of the 247,000 private-sector jobs it lost between 2008 and 2009, Seneca said. While he cautions there is still a long path ahead, it's clear the state's small businesses are helping pave the way.

“I started with one employee and now have about 190 people,” said Jim Brennan, president of Sea Box Inc., a Cinnaminson-based manufacturer of customized shipping and cargo containers. The company saw a nearly 100 percent spike in business between 2008 and 2009 — the height of the slump — from big orders with several military branches.

Sea Box's client base is about 80 percent military; the remainder involves designing and modifying containers for farmers, construction companies and other small entities. Because the majority of Sea Box's revenues are generated from contract work, it has been largely insulated from the recession.

“We're unique in that we do deals. We don't have a steady product that we sell every day,” Brennan said. “We have to bid on deals constantly, so we have to be very competitive.”

Last year, the U.S. Small Business Administration included Sea Box in its SBA 100, a recognition awarded to companies that have created at least 100 jobs after having received the agency's assistance. Brennan's company benefited from the SBA's procurement division after the Department of Defense reclassified cargo storage container procurements from a sole source item to a brand-name item. The change cleared the way for Sea Box to compete for contracts with large companies.

“One of the great things the SBA's been doing is coming out with new programs to help a lot of these entrepreneurs,” said Al Titone, district director of the SBA's New Jersey district office. He pointed to the agency's Community Advantage lending program that aims to widen access to smaller loans in traditionally underserved communities, and the Export Express program that offers loan programs to help small-business exporters develop or expand export activities.

In the last four years, the SBA has assisted many of the state's small businesses. In some cases, the help served more as a boost than a save. That was the situation with Stephen and Paul Reh, who founded Passaic-based Rehtek Machine Co. 24 years ago. Rehtek is a niche business that makes pressure sensor parts less than 1 inch in diameter for the commercial aviation and defense industries. Taking heed of the strong work ethic instilled in them by their entrepreneurial father, the brothers have steadily grown and expanded their company over the years, going from three employees and four machines to 12 employees and close to 50 machines.

Come the 2008 downturn, the brothers had to tighten up, temporarily cutting their employees' hours in half. All the while, they still had a workload and customer demand to tend to. They also needed two more machines and inspection equipment if they hoped to further expand.

“We felt the banks would not want to do business with a small business in 2008 because of all of the restrictions that were imposed upon them, and the lending laws had changed,” Stephen Reh said. “We applied for an SBA-backed loan, paid back 90 percent of the debt and waived all of the SBA bank fees.” Rehtek's employees were returned to full-time status a little more than a year later, and the company is thriving.

Jeanne Gray, a lifelong entrepreneur who launched her career 25 years ago with a display company that served the cosmetics industry, now heads up www.njentrepreneur.com, an online resource to help small-business owners navigate and understand the array of

statewide assistance that is available to them at little or no cost.

“This is where New Jersey is on the right track,” Gray said. “The not-for-profit organizations and state agencies are changing and turning to address the needs of the entrepreneur.”

Both Titone and Seneca said they have seen a noticeable improvement in the amount of support being given to small businesses under Gov. Chris Christie's leadership, including establishing the New Jersey Business Portal under Lt. Gov. Kim Guadagno.

While New Jersey's small-business climate appears to be on the mend, the state's long-term forecast remains unclear.

“I think the attention has been shifted to the right things for future economic growth,” Seneca said. “Can we sustain it? Can we keep at it? That, I think, is an important policy question going forward.”