



# THE ENTREPRENEURIAL SPIRIT



CELEBRATING THE STRENGTH OF AMERICA'S SMALL BUSINESS COMMUNITY



## Small Business is the Backbone of America

Paul J. Sarvadi, Chairman & Chief Executive Officer, Administaff

**E**ntrepreneurial spirit is the adrenaline that fuels the American dream. At Administaff, we see it firsthand every day because our clients are among the premier small business owners in the country. These entrepreneurs embody the strength and character that help make our country great.

- More than 50 percent of the U.S. private gross domestic product is generated by small business.
- Almost 97 percent of exporters are small businesses.

Small companies are resourceful. They provide services and products with fewer people and resources than big businesses. They can take products to market more quickly because they aren't bogged down by bureaucracy. And because small businesses know their customers personally, they understand consumer attitudes and can respond to market conditions more quickly.

The American small business community is a source of innovation and job creation, and it represents the economic future of our country.

In observance of National Small Business Week, May 17-21, we celebrate our clients' entrepreneurial spirit. We asked nine of them to share their thoughts about why small business is good for America and how their companies support the health of our economy (see *article beginning on page 2*).

In the same vein, Administaff helps sustain the health of its small business clients. Small companies typically don't have the resources to maintain their own human resources department. Administaff fills that void by providing team-based HR services and value-added people strategies to help the best small businesses get even better (see *article on page 4*). In addition, Administaff works with alliance partners such as American Express, Dell, Pitney Bowes and IBM – all large companies that recognize the importance of doing business with small companies.

The entrepreneurs you see inside this issue – and their peers across the United States – personify the American spirit. We salute them, and we honor their contribution to the economic vitality of our country.

Being an entrepreneur isn't for everyone. It takes a special combination of character traits: boldness, self-reliance, ingenuity and determination. Small business owners thrive on challenges and taking risks. They are willing to venture outside of their comfort zones. The success of the small business community is critical to America's prosperity. Here is what some well-known Americans have to say about the entrepreneurial spirit.

## Insights... The Role of Entrepreneurs



"The entrepreneurs who own and operate America's small businesses are an indispensable factor in America's economic strength. These entrepreneurs possess many of the characteristics that define the American spirit – innovation, dedication and drive... Their tremendous spirit is an example to us all!"

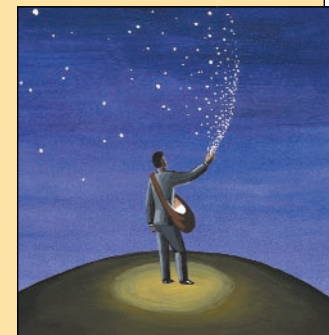
**President George W. Bush**

"Wherever you see a successful business, someone once made a courageous decision."

**Peter F. Drucker**  
Author & Consultant

"A man to carry on a successful business must have imagination. He must see things as in a vision, a dream of the whole thing."

**Charles M. Schwab**  
Founder of Charles Schwab Corp.



"The spirit of entrepreneurialism is the spirit of America, and it has added incredible strength to our national fabric."

**Hector V. Barreto**  
U.S. Small Business Administration Administrator

"Entrepreneurs are risk-takers, willing to roll the dice with their money or reputation on the line in support of an idea or enterprise. They willingly assume responsibility for the success or failure of a venture and are answerable for all its facets. The buck not only stops at their desks, it starts there too."

**Victor Kiam**  
Former Chief Executive Officer of Remington



**"Innovation and job creation are the foundation of our economic future. In America, we rely on the small business community for both of these precious resources."**

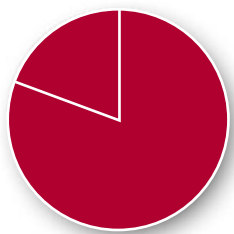
By themselves, the goods, services and technology produced by American small businesses make up the world's third-largest economy, after the United States and Japan. The small business community has sustained our economy when it has slowed and is helping to put us back on track for growth. Need proof? Look at the numbers: Small companies represent 99 percent of all U.S. businesses and employ more than half of the American workforce. Other statistics to note, according to the U.S. Small Business Administration, include:

- Small businesses create 75 percent of the net new jobs in our economy.
- Small businesses pay more than 44 percent of the nation's private payroll.



★ ★ ★  
Administaff  
All Across  
America  
★ ★ ★

With 38 sales offices in 21 markets... (continued on page 2)



**80%**

of small and mid-sized businesses reported that they are optimistic about their firm's chances for growth in the next 12 months



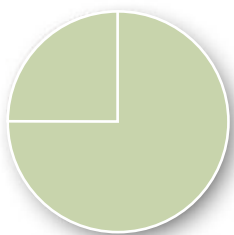
**70%**

of small business entrepreneurs start their business with less than \$20,000



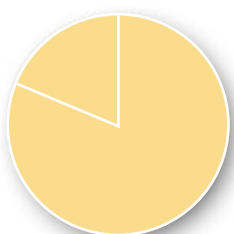
**55%**

of all innovations are produced by small businesses - twice as many as large companies



**75%**

of Americans were hired for their first job in a small business



**81%**

of owners of small companies said if they had to do it all over again, they would still become a small business owner

# Small Businesses Make a Big Impact

**E**ven though businesses with fewer than 500 employees are generally defined as “small,” there’s no question they have a big impact on the American economy. The nation’s small business community is a vital source of competition, which forms the foundation for innovation and fuels our free enterprise system. Entrepreneurs realize that they are undertaking no small feat when they decide to launch a business enterprise. But at the end of the day, they are the first to say that the effort is worth it.

Why is small business good for America? Here are several reasons offered by just a few of the thousands of Administaff’s small business clients across the country.

**John Pearring**  
*STORSERVER - Colorado Springs, CO*  
Computer data storage

doing things that can’t be done in a large company. A small business can see the need for a product or service and respond quickly – often on a very small scale – when most big companies wouldn’t even consider it.

**W**e are proud to be a part of the nation’s largest employer – the small business community. There are numerous ways that small organizations contribute to our economic health; first among them is providing jobs for the American people. Small businesses will help lead the U.S. economy in its recovery by building valuable products and services and providing them at a reasonable price. Part of what makes us strong is an entrepreneur’s strong sense of ownership – we are responsible for our own successes and failures.

**Michael Cantor**  
*Allegro Realty Advisors, Ltd. - Cleveland, OH*  
Corporate real estate consulting services

**S**mall businesses turn good ideas into jobs, which create opportunities for people to earn a living. In turn, that helps sustain households and stimulates the economy. Sometimes my partners and I will look around at our annual company picnic, and we can’t believe how many mouths we’re feeding. Small businesses also are a source of innovation. Big companies spend a lot of money on research and development, but small-business people have a sense of ownership of their ideas and more emotion to drive them. You can say it’s about the money, but it’s much more than that. Owning your own business is part of the American dream, like owning your own home. Small business owners have an obligation to serve as role models for those who may aspire to something more than a 9-to-5 job. That’s pretty important.

**Stephen Karas**  
*Koal Industries - Elk Grove Village, IL*  
Manufacturing chemistry for the metal-finishing industry

**B**y its very nature, small business is American. Small companies are the future of America because we are the ones who create jobs. The thing that sets my company apart as a small business is that we are part of the neighborhood. Unlike a large international corporation, which may not care, I care because I live in this community. Our employees live here. My customers are my friends, and they live here, too. Because we’re all part of the community, we work for and contribute to its success. Another thing that makes a small business so great is the spontaneity of

Sources: U.S. Small Business Administration’s Office of Advocacy; National Federation of Independent Businesses; City Business Journals Network poll by Kadence Business Research of Framingham, Mass. 2003; Wells Fargo Small Business Index.



Administaff serves as an outsourced human resources department...

### Richard Miller

Fiducianet, Inc. - Herndon, VA

Service bureau for telecommunications providers

Simply put, small businesses are good for America because we are the country's largest provider of jobs. Our communities support us by doing business with us, and we in turn create jobs and invest in people. We also contribute to the U.S. economy through the corporate taxes we pay. In addition, small businesses are helping to put the country back on track for growth. Managing growth means managing our cash. Doing that wisely means not spending it on capital equipment when we could outsource and offer other providers the opportunity to meet our needs with their services. Through outsourcing to other American companies, we are able to create jobs not only within our company, but in other areas of our community as well.

### Amy Nye Wolf

AltiTUNES - New York, NY

Retailer of portable entertainment for travelers

I think small business offers a culture unlike that found at large corporations. In a small company, each person can have a louder voice, and ideas are more likely to be heard and acted upon. In a small organization, each person must contribute in a number of different ways. "Ownership" doesn't just apply to the CEO or the actual owner; it can and should apply to all employees. Small businesses are taking a vitally important role in the economic health of the country by virtue of their increasing economic contributions. Job creation and growth are perfect examples. Often, small businesses may grow more slowly, but they end up creating jobs with more stability.

### Jim Hadfield

International Center for Entrepreneurial Development - Houston, TX

Global organization with nine franchise brands

The International Franchise Association just released the first-ever study of the franchising industry (March 2004). It showed that there are 18 million jobs because of franchised businesses, with a total annual economic output of \$1.5 trillion, or nearly 10 percent of the private sector economy. As a franchisor with nine brands and more than 5,000 employees working in our centers, we fully understand the importance of small business in America. Our center owners are dedicated entrepreneurs who work each day to grow their individual businesses by developing strong relationships with their customers and providing outstanding service.

### Linda Gold

M3iworks - San Jose, CA

Web design and development

Small businesses are good for America because they promote employment. Currently small businesses employ a higher percentage of the working class than large corporations. We also are known as one of the nation's leading resources for innovation. This alone makes small business invaluable to both the growth and the stability of the U.S. economy. Whether it's through keeping people employed or perfecting goods and services to a niche market, keeping people employed in a cost-effective manner is our primary role in maintaining and improving the health of the U.S. economy.

### Doug Harrison

Trinity Inspection - Dallas, TX

Residential construction and home inspection

The nationwide community of small businesses benefits America through its ability to build close relationships with customers and employees. Small businesses offer increased flexibility when it comes to serving the community and their customers. We make a significant contribution in supporting the U.S. economy by providing jobs. In turn, good employees take care of the customer, and this is what drives business. Small businesses are helping the economy to thrive by producing some of the best ideas and innovations. Entrepreneurs are never satisfied that today is the best it's ever going to be. They are always working to improve and grow their companies.

### Rob Ukropina

Overnite Express, Inc. - Irvine, CA

Regional overnight delivery company

Small business is the engine of America, providing creative solutions to niche markets. Small companies help support the U.S. economy by providing jobs and by creating more value for every dollar spent. My organizational chart is upside-down because an entrepreneur is only as good as the people he surrounds himself with. This strategy has been partially responsible for an employee turnover rate of less than 5 percent during our 12 years in business. My company contributes to the health of the economy by creating value for our customers before we earn a profit.

# TOP 10 REASONS

## FOR OWNING YOUR OWN BUSINESS

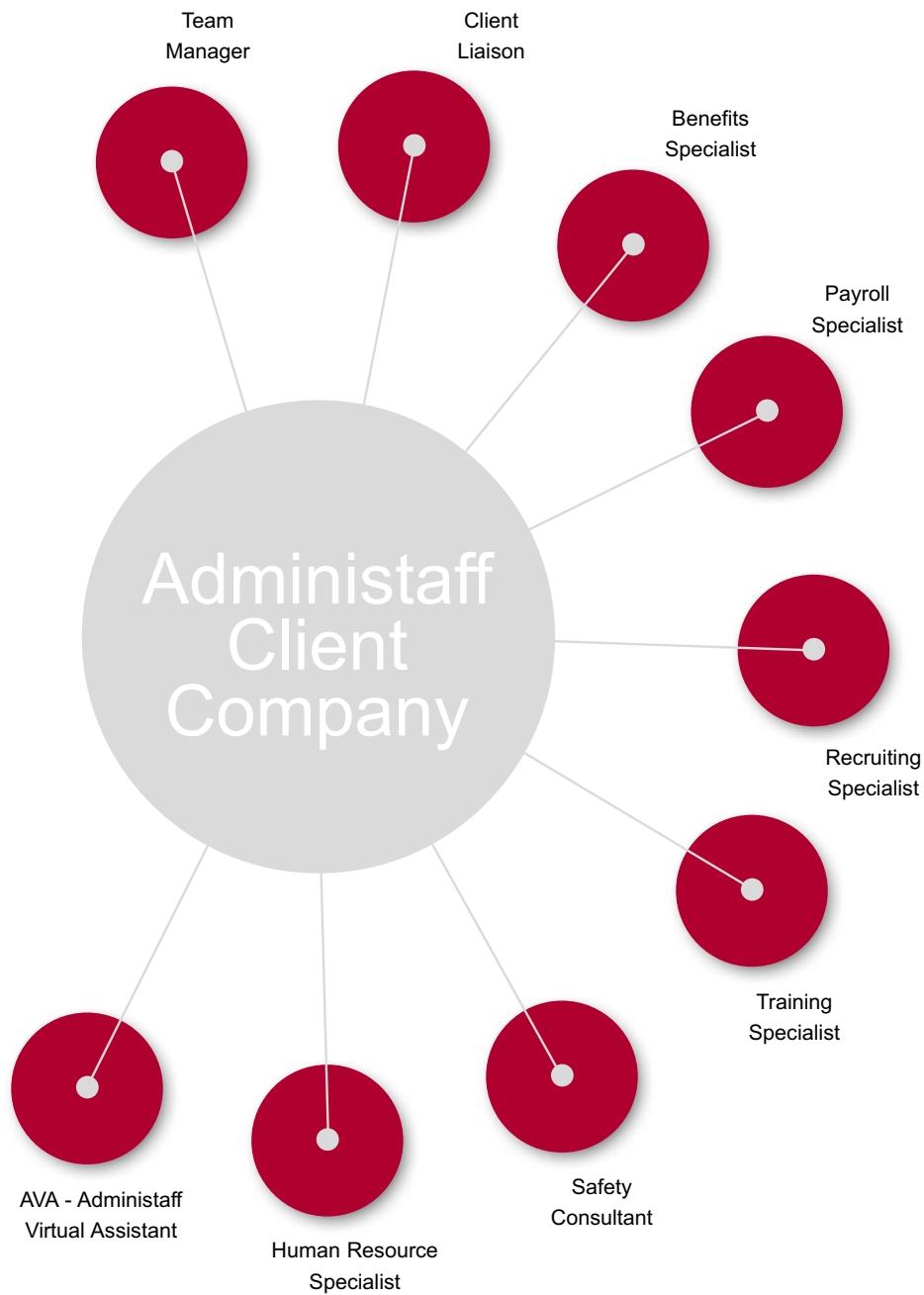
It all starts with two words – "What if?" – and grows from there. Entrepreneurs have a gnawing, persistent need to create, to nurture, to grow. Call it a compulsion or a calling – either way, having your own business is one big bungee jump. Owning a business, like owning a home, is part of the fabric of our nation. At Administaff, we know what that's like, but we thought you might want to hear what our clients have to say about why they love owning their own businesses.

- 1 Adrenaline**  
It's fun and exciting to build something new and different.
- 2 Artistry**  
It feels good to mold and shape an idea and see it through to fruition.
- 3 Freedom**  
Like getting a haircut at 2 p.m. on a Wednesday.
- 4 Do-over**  
Distilling the best of past experiences into a vision.
- 5 People**  
Cultivating business relationships.
- 6 Autonomy**  
The buck stops here.
- 7 Agility**  
Flexibility to move with the market.
- 8 Purpose**  
To identify and fulfill customer needs.
- 9 Nurture**  
Helping associates to grow and succeed.
- 10 Faith**  
Not being afraid to fail.



...for thousands of small and medium-sized businesses throughout the United States.

# Team-Based Service Supports Small Businesses



**A**dministaff is a human resources department for small and medium-sized businesses. That may not sound like very much until you realize that most small businesses have never had a human resources department. And when you bring high-performance human resource practices to bear in a small business for the first time, it makes an important difference in the success equation for that business. Administaff's team-based approach to service delivery includes the following:

#### Team Manager

- Managerial oversight of Administaff client service team members, including: Client Liaison, Payroll Specialist, Recruiting Specialist, Benefits Specialist, Training Specialist, Safety Consultant and Human Resource Specialist
- Responsible for ensuring service satisfaction for a targeted group of clients

#### Client Liaison

- Evaluate and determine clients' HR needs
- Develop and align service delivery strategy to meet client company goals
- Identify and prioritize Administaff service offerings
- Create a coordinated implementation plan for Administaff service

#### Benefits Specialist

- Health Care, Dental & Vision Plans
- Claims Resolution Assistance
- Provider Network Support
- Employee Assistance Program
- Disability Coverage
- Life Insurance
- Adoption Assistance
- Educational Assistance
- Dependent Care Spending Plan

#### Payroll Specialist

- Payroll Processing
- Payroll Tax Filings
- Direct Deposit
- Employment Verifications
- Quarterly Reports
- FICA, FUTA, SUTA
- Garnishments
- W-2s & W-4s
- WebPayroll
- Online Enrollment of Employees

#### Recruiting Specialist

- Resume Review & Interviewing
- Classified Advertising Coordination
- Background Checks
- Pre-Employment Testing
- Outplacement

#### Training Specialist

- Performance Improvement
- Training Needs Analysis
- Organizational Development
- Training & Development Programs
- Coaching
- Training Consultations

#### Safety Consultant

- Site Visits
- Safety Review & Policy Development
- Workers' Compensation Coverage & Claims Resolution Support
- Safety Training
- Safety Curriculum Development

#### Human Resource Specialist

- Employee Relations
- Supervisor Training
- Performance Measurement & Review
- Compensation & Incentive Plans
- Salary Surveys
- Job Descriptions
- Conflict Resolution
- Employee Handbooks
- Terminations Support

#### AVA - Administaff Virtual Assistant

- Online Information Assistance for the Employee Service Center
- Answers Questions in Chat-like Style
- Searches Administaff Database for Responses

“Our Administaff HR specialists truly impress me with their availability, consistency and follow-through. It's such a relief to know I can rely on them to do an outstanding job assisting me with whatever question I have or dilemma I present.”

**Elise Harlin**  
Vidalia Medical Associates  
Atlanta, GA

For more information about Administaff's team-based service, call 1-800-465-3800 or visit the company's Web site at [www.administaff.com](http://www.administaff.com).

## Administaff Small Business Classic Golf Tournament

**A**dministaff is teeing up a significant new initiative that will culminate in a nationally televised PGA Champions Tour event at Augusta Pines Golf Club in Houston Oct. 8 through 10. The Administaff Small Business Classic™ is breaking new ground for Administaff and the small business community across the nation by bringing some of professional golf's most recognizable names to Houston for a premier Champions Tour event.

Arnold Palmer, Tom Watson, Ben Crenshaw and John Mahaffey are just a few of the big names expected to participate in the Administaff Small Business Classic. Approximately 100,000 spectators are expected to head to Augusta Pines throughout the week to catch a glimpse of the 78 Champions Tour professionals. Fans will also have the opportunity to view the tournament nationally on the Golf Channel.

“We welcome the opportunity to sponsor this prestigious PGA Champions Tour event because of what it represents for our small business clients, the charities we support and our dedicated employees,” said Paul J. Sarvadi, chairman and chief executive officer of Administaff. “We want to connect this tournament with the small business community because we know that small business is good for America, and Administaff proudly serves thousands of the best small and medium-sized businesses throughout the nation.”

In addition to the Champions Tour event, qualifying tournaments for Administaff clients will be held in Atlanta, Dallas, Houston and Los Angeles, with the winners of those events invited to participate in the Championship Pro-Am on Oct. 6 and 7.

The tournament will be a great opportunity for small business leaders to network with peers and support good causes. The Administaff Small Business Classic and qualifying tournaments will raise monies for several charities, including the George and Barbara Bush Foundation for Innovative Cancer Research at the University of Texas M. D. Anderson Cancer Center, Golfers Against Cancer and The First Tee of Houston.



For more information on the Administaff Small Business Classic and how your business can get involved, visit [www.administaffclassic.com](http://www.administaffclassic.com).