

After 12 Months of Trump, Here's What 100 CEOs Are Saying About His Effect on Business



Regulatory relief is boosting business. Tax cuts offer opportunities to invest. Even if they question Trump's leadership style, entrepreneurs are feeling good.

By Leigh Buchanan, *Editor-at-large, Inc. magazine*

Donald Trump doesn't talk much about entrepreneurship. Conventional wisdom says he favors incumbents over disruptors. Still, one year into Trump's presidency, entrepreneurial sap is rising.

In a recent survey of more than 100 growth company CEOs from the Inc. 5000, 71 percent rated the administration's impact on entrepreneurial businesses as mostly or somewhat positive. Just 22 percent called it mostly or somewhat negative. In 20 follow-up interviews, respondents disagreed about how much credit Trump deserved for their rosy fortunes, and many expressed discomfort with the tenor of his leadership. But the majority agreed that, so far, the administration's policies have been good for their businesses.

"It is a controversial administration and there are a lot of things I don't like about it," says David Shields, CEO of Component Surfaces, a \$2.6 million industrial plating business, based in Poway, California. "But as far as the things that need to be done, they are getting done." Component Surfaces is experiencing its best sales in 14 years, much of which Shields attributes to a looser

regulatory environment for customers.

"I'm not a Trump fan," says Robert Rauch, CEO of RAR Hospitality, a \$90 million hospitality management and hotel company, based in San Diego. But Rauch is a fan of the robust business- and leisure-travel markets produced by a thrumming economy. "I like this president from a business standpoint," he says.

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Big plans for tax savings

The December tax law garnered the most enthusiastic reviews of the Trump administration's policies. Sixty-five percent of survey respondents cited it as the best thing government did for their companies last year. All but a couple of CEOs said they would roll all or most of their tax savings back into their businesses.

"In the last two years, the thing that really slowed me down was having to save for taxes," says David Twite, CEO of the MacDonald & Owen Lumber Company, an \$80 million hardwoods manufacturer based in Sparta, Wisconsin. Twite plans to invest between \$1.5 million and \$2 million of his projected savings to expand a facility in Luck, Wisconsin, and to buy specialized kilns to process walnut.

Adam Wonus is still studying the law's implications for Atrium Management, an \$8.6 million property management company in Lake Mary, Florida. He believes

savings will allow him to acquire more buildings this year than he had planned for. Wonus also expects his real estate clients will use their savings to bulk up holdings, which means more properties for him to manage. "We're hiring more as our portfolio grows," says Wonus. "And the extra capital will allow for more raises."

Other entrepreneurs were more cau-

tious, citing the haste with which the law was assembled and the impact of provisions whose details they don't yet know. "There is stuff in the law that says your corporate tax rate has dropped but you can no longer expense entertainment and meals," says Vic Trabicky, CEO of \$8 million brand consultancy January Digital, with headquarters in New York City and Dallas. "Are those two things going to cancel each other out? Before I invest my money, I want to see how it shakes out."

Loud cheers for deregulation

Last year, Trump signed an executive order requiring agencies to kill two regulations for every new one issued. A year later, there has been less actual revoking and more postponing or canceling of rules already in the pipeline (roughly 1,500 to date, according to the Competitive Enterprise Institute). New rules, meanwhile, are slower out of the gate.

Only a handful of abandoned or weakened rules directly affect many companies. Arguably most significant was a regulation that roughly doubled the salary threshold at which companies can avoid paying overtime. Gone, too, is a rule requiring employers to report wages broken down by race and gender. And repeal of the Waters of the United States rule—disliked by construction companies and small businesses trying to expand their properties or dealing with storm-water runoff—is tied up in the courts.

That scant small-business focus may be one reason that just 13 percent of respondents to the survey cited regulatory rollback as the biggest benefit to their businesses. Only a handful could cite a single regulatory change that directly affected them. But in follow-up interviews, entrepreneurs repeatedly credited reduced regulation of their larger-company customers for increases to their own revenue.

"We have doubled in size almost since [Trump] came onboard, and it has ev-

erything to do with the deregulation of all the sectors," says Kevin Burr, CEO of Barracuda Staffing, a \$5.5 million business based in Tulsa. "Companies have taken off because they are not so burdened by all the reporting that was required under the previous administration."

Entrepreneurs typically fault rules for their complexity, but things have gotten simpler in a few instances. Jim Wicker, CEO of J.W. Logistics, a \$280 million last-mile transportation and services company in Frisco, Texas, says the EPA has streamlined how businesses like his report their carbon footprints and eliminated other procedural hoops. "In the past year, they've really stripped things back to a simplified approach," says Wicker.

But rules cut both ways

Of course, many regulations protect smaller businesses from large, incumbent competitors. As those rules ease, small companies suffer. The FCC's repeal of Net Neutrality is probably the highest-profile example. Both pundits and business owners say it threatens small companies with higher costs for their online activities.

lotum, a \$5.2 million business with headquarters in Los Angeles and Toronto, had hoped to sell its new virtual meeting service, Callbridge, directly to enterprises. Worried that large telcos can now throttle its high-bandwidth offering, CEO Jason Martin will instead double down on a reseller strategy. "It skews away from us standing on our own two feet and forces us into more of a relationship with big, monolithic providers," he says.

Andrew Buerger chafed in December when the USDA withdrew proposed standards for animals certified as organic. His Baltimore-based business, B'More Organic, a \$2.6 million producer of protein smoothies, invests heavily to provide its cows access to pasture. Many large dairies don't do that, and now won't have to, he says. "There are

cases of people who don't treat their animals well and still get organic certification." Buerger also worries that the USDA is too understaffed to enforce environmental and organic rules still on the books.

Jeers for the immigration cold shoulder

No single policy stood out among respondents for its negative impact on their businesses. But immigration was cited somewhat more often than others. Last year, the administration tightened H-1B visa rules, proposed barring recipients' spouses from working here, and delayed implementation of a start-up visa meant to encourage foreign entrepreneurs to plant companies and create jobs. This despite the much-touted fact that immigrants start businesses at twice the rate of native-born Americans. (Last month a federal judge overturned the visa delay.)

Health care and infrastructure cropped up most often as missed opportunities in 2017. Entrepreneurs are split over whether the Affordable Care Act needs killing, fixing, or to be left alone. As for a massive infrastructure build, entrepreneurs discussed both opportunities to join the supply chain and the need to improve public roads and bridges on which they depend.

Finally, many entrepreneurs decried Trump's harsh rhetoric and general piling-on of partisan hostilities. But most dismissed its effect on their companies. "Small-business people try not to get political," says Martin George, CEO of \$8.7 million LTC Language Solutions, based in Indianapolis. "We stay in our lane. We go to the office. We work."