

# BUSINESS

## BUSINESS EXCHANGE

# WHY WE NEED BLACK BUSINESSES

by William Reed

The only people who can save us, is us. The current practices and patterns that Black Americans use in our approach to business and economics growth resembles one of self-annihilation, or lemmings marchin' to the sea. While we continue to spend our income as willing consumers to people who don't give a damn about us, and still seek help for our own economic plight from outside of our community, these habits of internal disinvestment illustrates that we would prefer someone else to do for us what we refuse to do for ourselves.

The truth is that things will not get better for us economically until we get better in our habits. While the legacy of formal slavery still haunts us, a new

brand of economic enslavement in the 21st century looms as a real possibility for us, unless we do something to change our dysfunctional approach to capitalism, investments, and business and financial development. For those who want to claim "racism" the 56 percent disparity between white family median income (\$33,920) and blacks (\$19,330), but in order for us to grow in economics and wealth accumulation, each Black American needs to define their responsibility in economic development. Until we each take up positive consumer and entrepreneurialship actions we will never build any wealth or power for our group.

From Harlem to Watts to the South Side to Sweet Auburn Avenue, each of us must begin

to understand and support the concept of Black Enterprise. If any power and permanency is to be for us and our institutions, it will have to be up to just you and me. To stop being among the "disadvantaged," we have to support our own businesses in order to facilitate the flow of goods, services and dollars into our communities.

Some fundamental reasons we need to start, build, maintain and support black businesses are:

**1. To provide more jobs for the African-American community.** 80 percent of all jobs in America come from businesses in the private sector. We are traditionally the "last hired and first fired," our unemployment rate is 11.8 percent, yet we must go "hat in hand" to get a gig from

other groups.

**2. To ensure that there is a continual flow of dollars into our parts of town.** Typically, a black "worker" gets paid from his white employer (\$278.6 billion) and immediately spends 95 percent of that money with other white-owned businesses. We have 7.63 percent of the total national income, over 4 percent less than our population size.

**3. To have access to capital.** Business sales by blacks represents 0.452 percent of total U.S. business sales. This lack of access to capital in a capital-

istic system stymies our growth.

**4. To develop financial, social and political leverage.** "Use what you've got to get what you want." For us using our leverage is to use what is stable, concrete and of known value to get something of greater value. With the proper focus we can use our broad and diverse assets to have access to even more.

**5. To supply our own.** Like any other group, basic consumer staples need to be supplied by someone.

Many blacks do, and proba-

bly would prefer to, live their entire lives and never go to a black-owned business. Many black businesses do provide inferior products and services. But, in order for each of us to get from here-to-there (poor-to-rich), these opposite poles will have to merge together. We need blacks in business and a process to help us find common ground for respect and cooperation among ourselves. In the land of free-enterprise, none of us will ever be free until we get more viable enterprise.

## FOR THOSE OF YOU WITH A "LITTLE SOMETHING" ON THE SIDE

# SMALL BUSINESS TAX TIPS

By Samuel Morris

So far we have discussed how the Internal Revenue Code is full of "grey areas" that lead to potential tax savings. Also, to take advantage of these grey areas you must use the magic words "ordinary and necessary" in your business (not personal) expenses. Finally, that tracking and recording these magic grey areas should be a daily, year around activity. What we haven't discussed is what type of activities create these tax deductions.

Tax deductions arise from 3 principal areas of your business life: 1) People-Your prospects, clients, contacts, colleagues, etc.

For instance, suppose your sell Amway products on the side. Your prospects might include family, friends, neighbors, the parking lot attendant, your favorite bartender and casual acquaintances you meet in places that people go for companionship. Always maintain a prospect list (better known as a date book with a telephone section). This is a major foundation for building a tax deduction strategy.

All expenses related to making a sale are valid business expenses. Because someone is your friend or relative does not remove the associated business

expenses with them. It just means that better record of your business activity must be maintained.

2) Physical Assets - The automobile, calculator, work table, chairs, special clothing and other items. There are plenty of physical assets in your home that you may use for business or personal purposes. If they were located in an office there would be no problem identifying them as business assets. It's when they are in your home that identifying them become a problem. If you own a car for business and personal expense, it is immediately recognized as a business asset because of the cost. However, related business assets have a tendency of getting overlooked. For instance, battery cables, a tool set, tire pumps, etc. At least a portion of those items qualify as deductible or depreciable depending on the cost.

If you work at home, you probably have a work table or desk. Whether or not the deduction is taken it is a business asset. If you are sitting at that desk their is probably a business chair, maybe a lamp, bookcase and books, file cabinet, the window shades, rugs, plants and pictures. The next time you are at your work desk, make a list of all of your business physical assets.

3) Expenses - Continuing your education, paper, pens, (See Tax Tips, Page 19)

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