

M E M O R A N D U M

TO: Senator Dole
FROM: L. Murphy
RE: BACKGROUND -- FORUM '86 PREPARATIONS
DATE: 5/19/86

You may want to know what your office has been responsible for in preparing for Forum '86 in Hays on May 22.

You should know, for instance, that you can be credited with the lion's share of the work on this conference, simply because your personal influence and entree has been needed at nearly every level to pull the thing off.

Almost every company that is sending a purchasing rep. is coming only because they received a call from your office. And, the number of federal rep's rivals the largest conferences.

Following is a summary of the preparations on your behalf:

November, 1985	Received request to host conference from the Northwest KS Planning & Develop. Commission
	Invitations to Federal agencies, 900 large businesses, & 16,000 small businesses -- all in Big 1st
	Phone calls to targeted large businesses
	Enlisted support of various fed. agencies, businesses & assoc's on publicity, mailings, tech. assistance
	Press releases throughout, including TV & radio PSA's

At the conference, we are expecting:

37	Federal agencies
50+	Large businesses sending purchasing rep's
300+	Small business people

Small business attendees are there to talk to purchasing representatives about the products or services they hope to sell them.

You are scheduled to speak at about 3:00. It would also be good if you could spend some time at the 4:30 reception. In between those times, it is free time for participants to discuss business opportunities with one another and a good time for you to meet people. The other speakers can handle the technical procurement and business development issues, and, as your talking points, indicate, the attendees will expect to hear your comments about tax reform, budget, and trade issues.

L. MURPHY

TALKING POINTS

"FORUM '86"
MAY 22, 1986

KANSAS AND LOCAL ECONOMY -- ACCENT ON OPPORTUNITIES

- o We are facing a dual challenge to prosperity in western Kansas. Agriculture and oil are our bedrock industries in this area and they are both suffering.
- o In Hays, the loss of Baxter-Travenol as a major employer has been a factor in boosting area unemployment to 9.9%.
- o However, it would be a serious mistake to underestimate the strength and diversity of the economy in western Kansas. We have businesses that are prospering in sectors of our economy that continue to do well.
- o While we grapple with our problems in oil and agriculture, we cannot afford to ignore the opportunities that do exist for our many other business enterprises. Setbacks are bound to occur in any industry, regardless of our efforts to prevent them, but how well we come out of it may depend on our flexibility in dealing with a crisis and our vigorous pursuit of other options in the meantime.
- o We have an economy in this state that needs tending and we cannot afford to wait until times get better. Hundreds of small manufacturers across the state support workers, their families, other businesses in the community. More sales means more jobs, more opportunities for everyone.
- o Our business people need to be talking with each other about how they can combine their resources and talents to help each other, themselves, and the total regional economy.
- o Sales opportunities for small businesses are available in both the private and public sector and between businesses in the same community or beyond the state lines. Our purpose in being here today is to explore those opportunities and, hopefully, bring in new sales for western Kansans. Our larger businesses will benefit from the kind of quality workmanship and sound business practices western Kansans are known for.

(Forum '86 talking points cont.)

GOVERNMENT PROCUREMENT

- o The federal government is this nation's single largest consumer of goods and services. That's not hard to believe if you look at our national debt, but the fact remains that purchases by the government run in to the hundreds of billions of dollars every year, even without deficit spending.
- o Who are they buying from? Well, just about everybody. They buy the boots, helmets, and medals for servicemen. They contract for accounting services and medical supplies. They hire lawyers, painters, printers, and pest control services -- to get rid of the lawyers.
- o Attending this conference today are all the federal procurement agents you could ask for. They are here, at my request, to talk with small business people in western Kansas about what they can buy from you. It is an opportunity we should all capitalize on, because doing what you can do here in one day would take you several months and several thousand dollars to do on your own.
- o I would not claim that it is easy to do business with the government. You can wear out your fingers trying to make that fifth carbon copy legible. But, there are plenty of businesses across the country who wouldn't take the time and trouble if it was not profitable. And, we have in our midst many experts on the subject who will make it as easy for you as they can.

(Forum '86 talking points cont.)

BUSINESS - TO - BUSINESS OPPORTUNITIES

- o I also want to thank the businesses who are going out of their way to talk to potential suppliers in this part of the State.
- o I hope our small business people who are looking for new sales will aggressively pursue the opportunities that are available to them at this conference.

WORKSHOP SPEAKERS

- o Of course, we all appreciate the team of experts who so enthusiastically conducted the workshops earlier today. They have a wealth of experience in their fields and I am sure that they will make themselves available after today for any further assistance they can offer.

GENERAL COMMENTS ABOUT ECONOMY

- o While my primary job today is to host the conference today, and to try to locate business opportunities for Kansas companies, I might take a few minutes to talk about some developments in Washington that will affect all of you.
- o Brief discussion of Gramm-Rudman and status of budget resolution.
- o Tax reform. Good news for the country, although specific industries adversely affected. (Separate memo from Rich B. on impact of tax bill on small business attached.)
- o Trade. (Separate talking points attached.)

(FORUM '86 talking points cont.)

TRAVENOL

- o We have worked for many months to bring in a new company to fill the void left by the departure of Baxter-Travenol from Hays. I and my staff are constantly in touch with Hays officials, Travenol officials, and companies who have expressed an interest.
- o I am absolutely committed to doing everything I can to find a replacement company for Travenol. I'll have to confess to being a little disappointed at Travenol. They told me in my office last fall that their recent merger with Hospital Corporation of America would allow them to seriously consider relocate one of HCA's subsidiaries in Hays. Despite our constant expressions of interest on that subject, it appears that Travenol has lost interest in that scenario.
- o But the Travenol plant is an excellent, modern facility and the work force in the Hays area is the best you can find. So I remain confident that our efforts are paying off and that it is only a matter of time before a manufacturer takes us up on a very good offer.

(ON THE QUESTION OF SPECIFIC COMPANIES INTERESTED):

- o In my own view, it is never a good idea to publicize ongoing negotiations in matters of this sort. Jumping the gun on publicity can easily lead to misunderstandings and abort the whole process.
- o It is not that we want to keep former employees or the local community in the dark. I know they would want us to do what is necessary to resolve the matter as quickly as possible.
- o We have some good possibilities on the line, but it would serve no good purpose to go into the specifics.

(Forum '86 talking points cont.)

SMALL BUSINESS ADMINISTRATION

(On future funding):

- o There seems to be a good deal of support in Congress for continuing SBA funding. It seems likely that it will be around for some time.
- o We can probably do some cutting -- there is at least some waste in every program -- but basic services will likely be preserved.

(On Heatherly, SBA Administrator):

- o He has become a controversial figure as the SBA head, but that position is a Presidential appointment and the President wants to abolish the SBA. Mr. Heatherly's actions seem to be consistent with the President's program, but not necessarily Congress'.
- o On the other hand, it is Congress' responsibility to see that the will of Congress, as expressed through legislation, is adhered to. If the SBA Administrator is violating the intent of Congress, then we need to monitor the situation closely in the months ahead.

TRAVENOL PROSPECTS
AS OF 5/19/86

LEDERLE LABORATORIES, div. of AMERICAN CYANIMIDE, Wayne, N.J.

Company officers looked at the plant, at Senator's invitation, three or four months ago. Talks are ongoing according to Hays people, although George Sella, President & CEO of American Cyanamide, says he has no interest.

Lederle: R.G. Brewster, (202) 831-2000
Robert F. Saydah, (same)

Am. Cyanamide: George Sella, (201) 831-3303

Employee numbers comparable to Travenol?

DEUTSCH TREAT, Wichita

A new start-up company, makers of "America's Finest Bite-Sized Cookie". Looked at plant (contacted through our office) about three weeks ago. Have not gone into large-scale production; plant is too large for their needs, but might be interested in using part of it. We do not know if that is feasible.

Deutsch Treat: Ken Lerman (Taco Tico 316-686-7456)
(Deutsch Treat 316-681-1063)

Tim Unruh (same D.T. number)

Estimated 60-100 employees at first

ENZON, INC., South Plainfield, N.J.

Another start-up company, specializing in enzymology. Have developed new process for the use of enzymes in curing cancer, immune-deficiencies, and nerve gas symptoms. Looked at the plant about three weeks ago (at Nelson Krueger's suggestion). Too big for their present research needs; have not gone into production of any new technologies. Could be years down the road, depending on whether or not they get an Army contract for research and production.

Enzon: Dr. Abe Abuchowski, President (201) 668-1800
Lois Kaufman, P.R. (same)

No estimate on numbers of employees

U.S. MINT -- WESTERN PRODUCTION FACILITY

Compton wants to pursue, despite the fact that a primary need is a major airport within 5 miles. Site selection process already closed, limited to 11 finalists (one is Denver). Hays has no chance of competing.

May 21, 1986

TAX REFORM

IMPACT ON SMALL BUSINESS

- o Since many small businesses are not operated in corporate form, the reduction in the maximum individual rate from 50 to 27 percent in the Finance Committee bill should be very helpful.
- o Even business operated in corporate form will benefit from rate reduction from 46 percent to 33 percent. Of course, the Committee bill retains the graduated corporate rate system which is important to small business.
- o I expect some small business will be disappointed that the Finance Committee did not expand the provision allowing companies to expense equipment from the present law amount of \$5,000 phasing up to \$10,000.
- o As you may know, in 1981 the National Federation of Independent Business (NFIB) opposed expensing, preferring lower rates. This year the Finance Committee agreed that rates were the most important issue and lowered the rates substantially. I know that this year the NFIB was lobbying for an increase in the amount of equipment that could be expensed to \$25,000 and that Senator Packwood originally suggested \$50,000, but the lower rates seemed to be a preferable way to go.