COVERING PRIVATE COMPANIES

Private companies are the backbone of local economies

- ➤ 22.9 million in 2002, according to the U.S. Small Business Administration.
- > Small businesses provide 75 percent of the net new jobs added to the economy, and represent 99.7 percent of all employers.
- More than half of the private work force is employed by a small business, which accounted for 52 percent of the private sector output in 1999.
- > They don't file documents with the SEC, making information gathering harder.
- ➤ But many private companies will disclose the information somewhere, to someone.
- ➤ Don't be afraid to ask the company, but when you hear no, just keep digging.

Some basic places to look

- > Secretary of State's Office
 - Has records on every business incorporated in the state, searchable by company name, new corporations or registered agent.
 - Lists business officers or executives
 - Gives company's mailing address and a phone number
 - Tells if the license has expired (could be sign of financial trouble)
 - Also contains information for other operations like nonprofit entities, limited liability corporations such as law firms, and limited partnerships.
- Occupational Licensing Boards
 - o There are regulatory boards that govern dozens of industries, from acupuncture to X-ray technicians, in the state. Look up their Web sites.
- > Trade Associations
 - Most private and small companies also belong to trade associations, i.e. the National Federation of Independent Business. They tell you:
 - Industry-wide figures for the state that put the industry in context
 - Legislative issues concerning these companies
- County records
 - O Sole proprietorships or partnerships must register their business names before they do business in a state under any name, real or assumed.
 - o Business names or partnerships must be filed with the Register of Deeds Office in the county or counties where it does business.

The WARN Act

- Employers laying off or firing workers must disclose that 60 days before doing it.
 - An employer must give notice if a plant will be shut down, resulting in an employment loss for 50 or more employees during any 30-day period.
 - Mass layoff not from a plant closing, but resulting in employment loss of 500 or more employees, or 50-499 employees if they make up at least one-third of the employer's active workforce, during any 30-day period
- These documents are filed with the Department of Labor in most states.
- Many states have these records online, but some may require a formal request.

Safety and Health

- Worker complaints about unsafe or unhealthy working conditions are made in writing to the Occupational Safety and Health Division.
- The division conducts investigations of worker complaints and work-related accidents and deaths, and makes general schedule inspections of randomly picked firms and follow-up inspections of firms previously cited for OSHA violations.
- http://www.osha.gov/cgi-bin/est/est1. You can search for company accident investigation reports and inspection reports by industry or company name.

Courthouse

- ➤ Civil lawsuits in state and federal courts. Check both regularly.
 - o Businesses often sue each other for breaking contracts, not paying bills, etc.
 - o Employees and former employees also sue companies.
 - o Divorces, particularly those of executives, could have good company data.
- Criminal courts
 - o Check police records anytime you're writing about someone in business.
 - o Would you write about the arrest of your local Chamber of Commerce head or of a prominent president or owner of a large local company?
- ➤ Bankruptcy court
 - o Companies file for bankruptcy court protection when they can't pay their bills.
 - o Chapter 11 filing will reorganize debt. Chapter 7 is liquidation.

Uniform Commercial Code Records

- \triangleright Tells who owes money to whom, and how much i.e., when a business sells something on credit to another business, which then later fails to repay that loan.
- ➤ These documents are available through the State Department office in each state, and usually searchable by debtor's name.
- ➤ Heavy borrowing could be a sign that the company plans to expand its operations.
 - o When *The Pittsburgh Post-Gazette* investigated a church that wanted to redevelop a shopping center, it looked at its UCC filings and discovered that banks and other lenders had given it seven loans despite the fact that it had fallen behind in paying its taxes and other debts.
 - o When USA Today researched former WorldCom leader Bernie Ebbers, it pored through UCC filings around the country to get a detailed list of everything he'd invested on or purchased in the past decade. That helped show the reader where the money he'd made from WorldCom had gone.

Private going public

- Private companies deciding to go public file a Form S-1 with the SEC.
- ➤ This document will include every detail about this private company, including revenue, profits (if any), executive compensation and market share.
- ► http://www.ipofinancial.com the best site for following new S-1 filings
- http://www.sec.gov check daily for S-1 filings

Nonprofit organizations

- ➤ http://www.guidestar.org contains information about nonprofits nationwide
- Form 990 filed with the Internal Revenue Service.
 - o Required to be filed by tax-exempt organizations with more than \$100,000 in annual receipts or total assets of at least \$250,000. Form 990-EZ must be filed by smaller organizations, with at least \$25,000 in annual receipts and total assets of less than \$250,000.
 - Public documents that reveal income, expenses, assets, liabilities; program
 expenditures and accomplishments; names of officers, directors and key
 employees; compensation paid to officers, directors and key employees.
 - o Most religious organizations are not required to file Form 990.
- ➤ http://www.grantsmart.org a searchable database for Form 990 filings for more than 60,000 foundations. Can search by name, location or assets. More than one year may be available.
- ➤ http://www.charitynavigator.org has independent evaluations of more than 2,500 charities. Database can be searched by category, region or keyword.
- ▶ http://www.give.org the Better Business Bureau Wise Giving Alliance maintains reports on nationally soliciting charitable organizations that are the subject of donor inquiries. These reports include an evaluation of the subject charity in relation to the voluntary BBB charity standards.
- http://www.internet-prospector.org/charities.htm -- state charities databases on the Web. Some states do not have an online search for charity information, while others allow you to search by name or word.

Small Business Administration

- > Federal agency created to help small business owners.
- ➤ Virtually every small business is private.
- ➤ Millions of companies registered with SBA to receive benefits or to qualify for contracts and business.
- http://dsbs.sba.gov/dsbs/dsp_dsbs.cfm -- can even list contacts of major clients.

Financial Institutions

- Credit Unions
 - o Many cities have dozens of credit unions overlooked by newspapers.
 - http://www.ncua.gov National Credit Union Administration: click on "Credit Union Data" on the left-hand menu to find specific financial information about any credit union.

▶ Banks

- o Regulated by state and federal agencies.
- o http://www.fdic.gov click on "Bank Data" to get market share info.
- http://www3.fdic.gov/idasp -- find any bank holding company or location insured by the FDIC. Search results will tell you the bank's total deposits and assets, as well as financial performance.
- ➤ Insurance companies
 - o State insurance departments have tons of financial information on privately held insurance companies. Can get revenues, profits and regulatory action.

Financial Institutions (cont'd)

- o Many insurance companies set up subsidiaries for each state because of varying insurance laws. Can get Allstate and State Farm results for your state.
- o Rate increases make great stories. They affect everyone. Regularly check with your insurance department about rate requests.
- o http://www.naic.org/state_contacts/sid_websites.jsp: find state insurance depts

Random Web sites

- Political campaign contributions
 - o How much did your local chamber president give to certain local political campaigns? Check http://www.followthemoney.org/
 - o http://www.tray.com/cgi-win/indexhtml.exe?MBF=NAME for federal campaigns dating back to 1980. Can search company names here.

➤ Lobbying

- O Does the company have a lobbyist, and how much are they paying them? Check http://www.opensecrets.org/lobbyists/index.asp
- o There are good stories behind companies spending lots on federal lobbyists.

➤ Hospitals

- o They're often the largest private employer in town, and important to cover.
- o http://www.ahd.com/freesearch.php3 -- subscription site that has financial information about hospitals nationwide.

> Patents and Trademarks

o http://patents.uspto.gov – type in a company's name and see what they're getting patents for. Can explain what a business does, or new revenue booster.

> Environmental Protection Agency

- http://www.epa.gov on the home page, click on the docket to the left to see Federal Register notices, support documents and public comments for regulations the agency publishes and various non-regulatory activities.
- Also searchable for environmental information available by ZIP Code, which lists EPA regulated businesses.

> Toxic Waste

- o http://d1.rtknet.org/tri/ -- Toxic Release Inventory is a database of releases and transfers of toxic chemicals from manufacturing facilities.
- o Facilities must report their releases of a toxic chemical if they fulfill four criteria. This can be searched by geographic regions as well as by facility, parent company and industry.

Activists

- o http://activistcash.com/ -- profiles anti-consumer activist groups, along with information about the sources of their exorbitant funding.
- Breaks them up among activist groups, foundations, celebrities and major individual players in the activist community.

➤ Amusement parks

o http://www.cpsc.gov/cpscpub/pubs/amuse.pdf -- this file lists who regulates amusement park rides on a state-by-state basis.

Random Web Sites (cont'd)

- ➤ Equal Employment Opportunity Commission
 - o http://www.eeoc.gov The EEOC investigates charges against businesses for unfair employment practices or discrimination.
 - o "Litigation" section on the left side of the page has a link to a monthly report on all of the actions taken by the agency.
- Consumer advocates
 - http://www.nasuca.org Lists testimony and filings of National Association of State Utility Consumer Advocates, which represents consumers before state and federal agencies in 40 states and the District of Columbia.
- Consumer products
 - o http://www.planetfeedback.com/consumer search for complaints or compliments about any product and company here. May provide story ideas.

More good Web sites

- ► http://www.investopedia.com Has tutorials and a business term dictionary.
- ➤ http://www.economist.com/encyclopedia/Dictionary.cfm -- Breaks business terms into categories (accounting, banking, E-commerce, economics, HR and personnel).
- http://www.jomc.unc.edu/specialprograms/businessresources.html -- Carolina Business News Initiative guide to Internet resources for business reporters.
- http://www.washingtonpost.com/wp-dyn/business/specials/glossary/index.html -- The glossary organizes and cross-references more than 1,250 business terms.
- http://www.nytimes.com/library/cyber/reference/busconn.html -- A selective guide to Internet business, financial and investing resources, compiled by Rich Meislin, editor-in-chief of the New York Times Electronic Media Co.

Becoming an Expert

- ➤ Wall Street analysts may still know something about the private companies you're covering. Call them.
- Talk to competitors and suppliers. They also may know something.
- ➤ Keep a list of the company's former employees. Scan press releases for their new jobs, and then keep in touch.
- ➤ Don't be afraid to ask for a tutorial from the company. They will probably appreciate your willingness to learn.
- > Look for academic experts at local business schools or community colleges.
- ➤ The Bloomberg terminal includes information on public and private companies.

One last thought

- ➤ Good business writers are hard to find.
- Make a name for yourself writing business stories, and your career will take off.
- ➤ Knowing how to write business stories about private companies can be applied to any beat at a publication.

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