



ALL I WANT TO DO IS MAKE COOKIES

JOSEPH SEMPREVIVO

I own a small business with seven employees. We make cookies—but not just any cookies. We make sugar-free cookies that diabetics can eat. Actually, they're so tasty, anyone can enjoy them. That was the inspiration that motivated me to start this business.

You see, I am a diabetic myself. I have been one my whole life.

If you think running a cookie company is fun and games, think again. I work a hundred hours a week—which isn't unusual for small business owners. I make a nice living, but I'm not in it for the money. I love what I do. I'd better. My margins are very tight—around 1%. That means I have to sell a million dollars' worth of cookies to make \$10,000. Every penny counts—literally. That's why I get so frustrated with government regulations.

Now, let me be clear: some regulations are necessary—especially, for obvious reasons, in the food industry. But “necessary” and “excessive” are two entirely different things. Excessive, UN-necessary regulations soak up valuable hours of my time and my money for no good purpose.

That 100 hours I work per week? I estimate 36 of them are spent on compliance issues alone. This keeps me away from activities that would help me grow my business—like sales and product development. And *that* keeps me away from hiring more people.

My employees are like family to me. It's that way with most small businesses. But it's a struggle every single day.

I could be more productive and feel a lot less anxiety if I didn't have to fight my own government; or, should I say, governments—federal, state and local. I get the roads and the bridges and the national defense, but I don't get why they have to be involved in every tiny aspect of my business, sometimes competing with each other as to who can make my life more difficult.

For example, as a bakery, I'm under the jurisdiction of the Food and Drug Administration (FDA), the Department of Agriculture, and the Occupational Safety and Health Administration (OSHA). I also have to deal with the state health agency. They all have different rules. If these rules contradict one another, it's not their problem; it's mine.

A few years ago, the FDA inspector showed up for one of his random inspections. He noticed the door to the area in which we bake our cookies swung out as you walked in. He told me that was a code violation. The doors have to swing in. I had 30 days to fix it or I'd be fined thousands of dollars.

I should note we have an air curtain between both rooms so no food particles can get in or out of the baking area. I pointed this out. The inspector was unmoved.

A few months later, the inspector from the Ag Department shows up for one of *his* random inspections. He notices that the door swings in. Yes, I tell him. It does. It's an FDA regulation. No, he tells me, it has to swing out. Fix it within 30 days, he says, or you'll be fined. I started keeping two sets of doors: one that swings in for the FDA, and one that swings out for the Ag Department.

Here's another example:

The FDA requires bakeries to send a sample of every product batch to a 3rd-party lab for testing. We make 36 batches a day. That means we have to send 36 bags of cookies every day to that lab. This costs me tens of thousands of dollars every year. And remember, in order to make 10,000 dollars, I have to sell a million dollars in cookies.

We've never had a bad test. Hardly surprising. Making cookies isn't that complex. The ingredients are well-known and safe. I'm all for testing, but how about one bag out of every ten batches? That alone might double my profit margin to 2%!

One more example:

The government demands that the type on my packaging be a certain size. Fine. I hired a company that does this sort of work to do the printing. The inspector gets out his magnifying glass and decides the font is off by 1/100th of an inch. All the packaging has to be trashed and a whole new set ordered. That cost me \$15,000. Or 1.5 million dollars in cookies to make that money back.

Another time, we didn't include the word "coconut" in the allergy section of the package. We didn't think it was necessary, as these were *coconut* cookies. All that packaging had to be redone, too. That cost me \$68,000. Or 6.8 million dollars' worth of cookies to make *that* money back.

I could go on. So could anyone who owns a small business, but you get the idea.

Small businesses are responsible for 60 million jobs. We could be responsible for a lot more—*if* the politicians who pass these laws and the bureaucrats who enforce them would back off.

Common sense regulation—I'm all for it.

Excessive, unnecessary, wasteful regulation? I need to get back to work.

I'm Joseph Semprevivo, president of Joseph's Lite Cookies, for Prager University.