Fighting the 'Gotcha' System



John Kabateck (left) and Nate Haderlie

California's government leaders and bureaucrats are still out of touch with small business owners in local communities when it comes to taxes, regulations, infrastructure, education and healthcare. Luckily, these business owners have Kabateck Strategies on their side.

While working for Governor Pete Wilson and the 'Governator' himself – Arnold Schwarzenegger -- John Kabateck saw first-hand how small business owners felt ignored, abandoned and were made to feel like outcasts when it came to getting their voices heard in the state legislature.

"I think the biggest fault with our government is that they rush through a legislative or regulatory cycle, with not nearly enough opportunity for small businesses, consumers, families, soccer parents and others to be heard, only to realize later that they moved so quickly that the policy is flawed and now needs to be fixed and cleaned up," Kabateck says.

The "real people," as Kabateck says, are getting shouted over, and by real people, he generally means small business owners, families, seniors and veterans. In his view, small busi-

nesses are like a middle child competing for attention with large corporations and labor unions who have the volume to drown out their voices in Sacramento. As such, he believes laws passed by the state legislature tend to have a disproportionately negative effect on small business owners.

So, in 2007 Kabateck left Team Schwarzenegger and joined the National Federation of Independent Business, where over the course of the next eight years, he built relationships with small businesses across the state. Finally, in 2015, he launched his own practice, Kabateck Strategies, a public affairs and communications strategy firm dedicated to helping small businesses in the state legislature.

Kabateck Strategies has three primary functions: build a coalition of "real world" California voices, help associations develop better strategies to represent their members, and develop a media strategy to highlight issues important to their clients.

"Our firm helps put the wind in the sails of those who walk door-to-door in the State Capitol and with influencers at the local level, as well," Kabateck says. "Our focus is to make sure that policymakers are not hearing only from a lobbyist, pollster or fundraiser, but instead are listening to the people that sent them there."

Kabateck is particularly worried about small businesses getting caught in the crossfire of laws aimed at big corporations that sneak up on mom and pop businesses that are too busy to notice until it's too late. Unlike major corporations, many small businesses don't have the funds to adapt, and become victims of shakedowns from state agencies and departments looking for violators to punish with fines and closure.

"State regulators, bureaucrats and attorneys often circle small businesses like vultures be-



cause they are indeed more likely than corporations to settle or comply without pushing back," Kabateck says. "And again, unlike corporations that have large teams of lawyers, a significant bank account, and other resources to defend themselves, the owner of a local cookie store, auto shop, or bookstore typically does not have the kind of resources or defense, so sadly, they end up paying out of pocket, without really knowing all of the details or being able to defend themselves, mostly out of fear."

As he puts it, small business owners, seniors and veterans are paying the majority of tax dollars in a "gotcha" system -- as in "I'm going to get you sucker," he jokes -- where they don't have much of a say, and where legislators jam through legislation that has to be fixed later because they didn't speak to the small business owners beforehand.

"Many government leaders and bureaucrats are still very much out of touch with the very people in our communities – or simply bought and paid for by special interests," Kabateck says. "Whether it's related to taxes, regulations, infrastructure, education, healthcare, or any given issue, they tend to overreach."

That's where Kabateck Strategies comes in. The firm encourages groups like Associated Builders & Contractors of Northern California, the National Federation of Independent Business (NFIB) and the California Restau-



rant Association to create a coalition of other small business owners, employees and like-minded people to influence policymakers to shape legislation in their clients' favor.

The idea is that with the right media strategy and Kabateck's Sacramento know-how, small businesses can raise their voices loud enough to be heard. For example, in 2014, he successfully represented the Western States Petroleum Association (WSPA) in its fight to amend Senate Bill 350, a bill that would have mandated a 50 percent fuel reduction on all California businesses. It's not that he doesn't believe in responsible energy policy for the Golden State, but as a true believer in capitalism, he believes that the best solutions are going to come from the state government working with small businesses instead of bullying or eviscerating them.

"We really have the desire to create a cleaner, greener California and thriving jobs and economic climate at the same time," he says.

"The Air Resources Board oftentimes enacts sweeping policy that affects small businesses with fleets of vehicles, employees who drive to work, facilities that utilize machinery with such sweeping regulations that they don't take into account the mom and pop businesses and employees they're affecting, and more so, not giving a roadmap as to how to comply."

Kabateck likes to tell about the time he visited local business owners in Carson City, Nevada, who had left California because regulatory inspectors, state agencies and bureaucrats would often send letters or make phone calls threatening to close them down if they didn't comply with a law they weren't aware of.

Instead, these former California business owners were welcomed by the fire marshal and local and state officials who asked how they could help their businesses to be more successful – and stay. For Kabateck, healthy economic policy involves educating businesses on the effects of the proposed policy and should provide incentives that encourage businesses to comply.

"If you're going to enact laws, and you're going to call upon those very communities to abide by them, regardless of how extreme they may be, you have a responsibility to first help educate them in user-friendly language how they need to comply, and whenever possible, give them incentives to do so, and the ability to do so simply," he says.

Today, the mission for Kabateck is the same as ever, and he is already working with Governor Gavin Newsom's new administration and state and local policymakers to achieve better policy outcomes for the small businesses he represents.

"Large and small businesses on the whole are very similar in their desire to create jobs, to build our economy, achieve the Californian and American dream, and pass that onto others," Kabateck says. "But where the divergence occurs is a small business' ability to survive, let alone defend themselves. A thriving Main Street means a thriving Golden State for us all." — By Joshua Rosen, California Business Journal

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