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TARP Watchdog Underscores Importance of Small Business' Relationship with Their Bankers



This American Public Media interview from last week with Elizabeth Warren, chair of the TARP Congressional Oversight Panel, offers the following takeaways:

- The government provided over \$700 billion in TARP funds, largely to big banks, to open up lending.
- But since the bailout, Wall Street banks decreased lending to small [Buy Cialis](#) businesses by 9%.

I'm going to insert one other fact that I think is relevant, from the SBA:

- Small businesses account for over 99% of all employer firms.

So why aren't the most prevalent and needy employers – small businesses – getting the financing they need to open and sustain their operations? Warren said in the interview that a major reason why banks are reluctant to lend to small firms is that they feel they can't do it based just on the numbers (P&L, credit rating). "You actually have to look at a business plan to do that," she said.

This tells me that, however unfair, **small business owners and leaders are increasingly forced to take up the role of salesperson par excellence to their bankers** – not just providing a top-notch business plan but, ideally, showing how their people resources and workplace culture of ownership contribute to sales and sales growth, as we discussed in these two posts.

Why should small business leaders focus on this at big banks as opposed to local, community banks? On the one hand, as this report for an American Bankers Association summit held in Washington in March states, 45% of community banks have increased their business lending. Unfortunately, they control less than \$1 billion in assets. By comparison, the co-author of the best-selling book *13 Bankers* reports that the six largest banks control assets equating to 60% of our GDP – roughly \$8.5 billion. As with products in the marketplace, business leaders are inclined to go where the money is.

What do you think about the value of small business leaders reframing their approach when dealing with their bankers, especially at big banks, to go behind the numbers and stress the impact their employee engagement activities have on their current and future success?

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