



The New Haven Women's Journal



THE ONLY EDUCATIONAL NEWSPAPER SERVING THE WOMEN OF THE HARTFORD AREA
A PUBLICATION DEDICATED TO EDUCATION

Business & Finance

"Too Big to Fail versus Too Small to Matter – Does "Josephine the Plumber" deserve a Bailout?"



By: Janet Siegenthaler

When is somebody going to help small businesses?!" is a frequent question from clients of WBDC – The Women's Business Development Center. The bad U.S. economy has unleashed a flood of

requests for aid from local entrepreneurs.

Many are surprised to learn that help isn't coming in the form of cash. Like Wall Street, Main Street is suffering in the aftermath of its rush into speculative ventures. One third of the clients enrolled in WBDC's Access to Capital Counseling (ACC) program are struggling to repay loans that never should have been undertaken.

For WBDC clients, one thread is the lack of a plan to maintain operations in the face of disappointing sales. Just as Chrysler was unprepared for the slowdown that caused it to run short of cash, many WBDC clients fail to forecast a scenario in which sales dip below their historic breakeven point.

As a result, frantic owners began

draining home equity lines to cover business expenses. Unfortunately, this pattern left most in worse positions for attracting capital. Cash-poor and overleveraged, many of our neighbors face bankruptcy for the first time.

WBDC intervened to prevent many from closing shop. For 12 years, WBDC has been guiding entrepreneurs through the process of starting, managing and growing new ventures. In 2008, we focused on saving businesses on the verge of collapse. These turnarounds did not involve infusions of cash. Instead, WBDC helps owners to boost sales in a low-cost fashion and negotiate with lenders.

Americans deserve to be commended for our intrepid spirit and enthusiasm for risk. We need to re-

member, however, that mitigating risk is necessary to achieve the desired return.

People forget that the purpose of a bailout is to temporarily buoy a struggling company that has a reasonable chance of recovery. WBDC helps clients to strengthen their arguments that an infusion of cash, properly utilized, will help to resuscitate a distressed borrower. We educate clients about how to become an attractive deal - by becoming a healthy company.

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