

Deep Dive: References Sources and Additional Resources for the "Small Business Owners Turn to Alternative Financing" Article

- *Instead, [Terry] Hauschultz, like tens of thousands of other self-reliant entrepreneurs, professionals and small business operators, looked to non-conventional finance options. The solution he selected – borrowing against his individual whole life insurance plan – allowed him to promptly receive the necessary funds without a credit check, without having to submit financial statements, without needing the approval of a loan committee and without any bureaucratic hassles.*

Telephone interview conducted by the authors, October 2010.

- *In 2009, 55 percent of small employers attempted to obtain credit and at least half of them failed, according to the National Federation of Independent Business, or NFIB. One third of those owners seeking to renew their existing lines of credit were rejected.*

National Federation of Independent Business report titled: *Small Business Credit in a Deep Recession*, Pages 1 and 21.

- *Among the 61,148 businesses filing for bankruptcy during the 12-month period ending March 31, 2010, many simply ran empty on fiscal fuel.*

Administrative Office of the U.S. Courts official bankruptcy statistics.
<http://www.uscourts.gov/Statistics/BankruptcyStatistics.aspx>

- *“The net worth of residences was gold for securitizing purchases of business assets or pumping cash into a business’s operation,” notes the NFIB in a report titled *Small Business Credit in a Deep Recession*. Not coincidentally, about 93% of small business owners also own their own residences – roughly 25% percentage points higher than the population at large.*

NFIB report titled: *Small Business Credit in a Deep Recession*, Page 18.

- *But in the recession of 2008-09, real estate values took such a header that the homes of many small business owners landed under-water, meaning the mortgage on the residence exceeded the value of the property.*

Source: **Keith Gumbinger**, vice president of HSH.com, which publishes mortgage and consumer loan information, writing for **Reuters**. His article, *How to help underwater homeowners*, was published October 12, 2010.

- *“The immediate business implication of the phenomenon for those affected was that their combined personal and business balance sheets contained a liability that formerly was an asset,” wrote the NFIB.*

NFIB report titled: *Small Business Credit in a Deep Recession*, Page 18.

- *“The strength of small businesses is that they are adaptive, flexible, innovative and can turn at a moments notice,” observes Jovita Carranza, former deputy administrator of the U.S. Small Business Administration.*

Telephone interview conducted by the authors, October 2010.

- *When banks, credit unions, credit card issuers and other conventional lenders said “no,” artful small business owners emigrated to other sources of capital, including factoring, bartering, crowd funding, vendor financing, family loans and even pawn shops.*

Author-conducted review of more than 50 newspaper, wire service and magazine articles written since 2008 on the topics of small business funding and alternative financing.

- *The Great Recession – as some are now calling the most recent downturn...*

Examples include:

In Great Recession, Other Nations Have Suffered More – The New York Times, September 18, 2010 – By Floyd Norris

Federal commission meets experts, public in Las Vegas to examine causes of Great Recession – Associated Press, September 8, 2010 – By Oskar Garcia

The Great Recession’s Labor-Market Lessons – The Wall Street Journal, August 24, 2010 – By Marc De Vos

- *“The old adage, ‘prepare for a rainy day,’ might be THE lesson,” says Mike Farley, president of JacksonSpencer, a Wisconsin-based full service brand management company that works closely with entrepreneurs.*

Email interview conducted by the authors, October 2010.

Contact: Mike Farley • **JacksonSpencer** • Cedarburg, WI 53012 • 262-388-3326 • www.jacksonspencer.com

- *“The small businesses that came through 2009 and have done okay in 2010...had a cash reserve so they could continue spending throughout the two years,” says*

Kathy Breitenbucher, managing partner at The Pedestal Group, a Medina, Ohio small business consultancy.

Email interview conducted by the authors, October 2010.

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- *[David] Biondo and other Bank on Yourself advisors are particularly enthusiastic about the way their policies can strategically position small business owners.*

Telephone interview conducted by the authors, October 2010.

- *For veterinarian Guy Ellis, 39, the Bank on Yourself method has saved his business no less than \$36,000 in annual interest that used to wind up in the coffers of banks and other commercial creditors.*

Telephone interview conducted by the authors, October 2010.

- *“Depending upon the form of business and your tax situation, it may be better to create reserves inside the business or draw more out and build personal reserves or a combination of both,” says Kenneth C. Halkin, an Amesbury, Massachusetts consultant with more than 25 years of executive management experience.*

Email interview conducted by the authors, October 2010.

Contact: Kenneth C. Halkin • Kenneth C. Halkin Management
Consulting • Amesbury, MA 01913 • 978-834-0003 •
www.kchalkinconsulting.com

- *Sue Basiliko, a partner in a Broomfield, Colorado jobs shop that her father founded in 1967, did go in search of diversification not so much to create a rainy day fund for her business as to augment her and her husband’s retirement savings.*

Telephone interview conducted by the authors, October 2010.