

OK bankers, it's time to take a risk on entrepreneurs

One of my CEO clients, who recently left a large corporation after turning around a big \$200 million division, wants to buy a portion of the company he used to run for \$3 million.

Being a smart guy, he wants to borrow it all, with suitable personal guarantees. His expected payoff is two, maybe three years. With his track record, you could take this to the bank, and he's trying.

No takers, in Arizona, at least. Even the venture capital sharks aren't interested: too reasonable, too short a payout, too little risk.

Meanwhile, about 50 employees who know and respect my client are expecting he'll get the deal done. If he doesn't, Arizona eventually loses 50 jobs because the existing multinational owner eventually will sink the operation.

My grandfather, the immigrant merchant banker, would consider this a slam dunk, because he lent as much on track record and business plans as anything.

Where are the purported business bankers? Nowhere to be found. This deal is too large for existing state and city lending programs (as I know them).

The capital formation legislation proposed this year apparently died, but would be a good start, if it weren't strictly targeting "high tech" rather than "high-growth" companies. I thank Ed Zito



MY VIEW

**John
Heinrich II**

of Western Alliance Bank, for bringing the legislation to my attention, and I'll put in a plug for passage next session.

But, my central point remains: Zito will look at my client's deal, but only as a favor to me. Why not farm out some of these plans out to independent folks like me for a looksee?

The city of Phoenix has an excellent management and technical assistance program that covers projects such as

those of my client, but Phoenix hasn't in the past publicized the MTA program much.

My clients don't care if the lending rate is 3 percent or 7 percent, they just need improved availability of funds.

In my sector of CEO consulting, between \$1.5 million and \$10 million, this problem isn't unique; several of my present and past members have had difficulty getting financed on projects, despite stellar track records and, of course, our group's stellar counsel.

Most of the lending action is probably in companies with sales below \$1 million, but I'm reminded of one of my former members who, at the age of 35, already had two successful com-



panies behind him, was doing a third and had difficulties securing a larger line of credit to cope with his growth (over 25 percent per year). Again, not as many people were hired as could have been because of a lack of funding.

How about it bankers? Earn your stripes for once. Give me a call with your \$3 million. Or a credit line of about \$200K for my former member. Let's see some imagination.

John Heinrich II is president of Solutions Forum, a national association of presidents, CEOs and other decision makers. He can be reached at 480-990-0206 or solutionsforum@msn.com.