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## Planting The Seeds For Small Biz Success

by [Steve Brown](#)

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We had the occasion recently to reread "The Lorax" by Dr. Seuss. For those of you who are unfamiliar, the children's book is a social commentary on the dangers of not taking care of our environment. In a nutshell, a young boy visits a strange isolated man called the Once-ler who explains the story of how--due to his greed--the lush and beautiful land filled with Truffula Trees and wildlife became run-down and desolate. Toward the end, the dejected Lorax (the self-appointed representative of the trees & animals) lifts himself up by the seat of his pants and flies away from the misery, leaving behind only the word UNLESS.

We started thinking about this story, which ends on a hopeful note, as it pertains to the survival of small businesses. For many years now, small business survival rates have stayed around the same level. Labor Department statistics show that about 50% of all new establishments survive 5Ys or more and about 33% make it 10Ys or more. That is good for banks originating loans.

On the small business front, some of this has to do with survival of the fittest. Not every business is destined to be a winner, but we got to thinking - what if we could turn back time? How many failed businesses may have survived had they received ongoing strategic advice from a trusted source, such as a community bank? We're willing to bet that a good number of belly-up businesses would still be around today, had they been given proper guidance and planning advice.

Regulations will only allow so much, but this is an important area for community banks. What if, with a bank's help, even just a few community-based businesses were given the tools they needed to succeed? Over time, we might see a marked improvement in the overall survival rate of small businesses.

One of the biggest problems small businesses face is not having a business plan. They don't have a big picture idea of what tomorrow and the next day and next year or years should look like. That's where banks can come in, by offering strategic consulting and planning services, to help businesses not only get a handle on the present, but also on the future.

Finding the cash to fuel their ongoing operations is yet another major challenge for many small businesses. Accessing credit is getting easier for many small businesses, but there are still a good number of companies struggling to find backers. Community banks should take a moment to review marketing activities to be sure business owners who need funding in the community are being actively contacted by your team.

Another idea may be to start or sponsor a group aimed at helping local businesses. Community bankers do this a lot, but take a look at your outreach programs and challenge your teams to come up with something fresh. Not only could this jumpstart relationship-building tools you have, but it could also tap you into a strong pool of new potential customers. The more a business is thriving in your community, the better your chances are of reeling in growing organizations that are looking for loans and other opportunities to help their businesses succeed.

Dr. Seuss may have talking to bankers when he wrote the Lorax and pointed out the more you can do to help sprout success for the businesses surrounding your bank, the better. Recall that "The Lorax"

concludes with a trickle of hope as the Once-ler hands his young visitor the last Truffula seed and tells him to plant it so that the Lorax and all his friends may one day return. It can take time so patience is important, but community banks that plant the seeds of relationship with small businesses today will lead to healthy, blossoming enterprises down the road. A little nourishment can go a long way to increase a business's chance of survival and your bank's role is critical.

# **BANK NEWS**

## **Not Interested**

A new poll from Gallup finds people have learned lessons & changed behavior following the recession. In good news for banks seeking deposits to support loan growth, Gallup found only 48% of people said they planned to rely on their 401(k) for retirement and instead would use IRAs, CDs, savings accounts and other options in addition to their 401(k).

## **Education Value**

Fed research finds over a lifetime the average college graduate will earn about \$831,000 more than the average high school graduate. This includes the cost of tuition and lost wages while getting an undergraduate degree.

## **Customers**

Fiserv research finds households pay bills in the following ways: online through a bank or biller (74%), online at a biller site (62%), check (53%), online at a bank site (36%), in person (22%), by calling biller (17%), multiple channels with mobile phone (16%) and online via non-banking website (11%).

## **Online Customers**

Research by Fiserv finds almost 50% of tablet owners use their device for online banking access.

## **Millennial Customers**

TD Bank research finds 47% of millennials say their financial personality is cautious when it comes to personal financial habits (53% check their balance and banking activity weekly and 35% do so daily).

## **Cyber Security**

Verizon finds in 2013 88% of cyber attacks against financial services companies were successful in less than 1 day, 46% were successful within hours, 8% were successful within minutes and 34% were successful within seconds. As for detection, 21% of attacks were detected within a day and only 40% of those detected were restored in a day.

## **Small Biz**

The Paychex/IHS small business jobs index report finds small business hiring hit its highest level in 10Ys.

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