

homes or other real estate holdings have declined and the same might be said for their stock and/or retirement portfolios. That said the primary sources of owner's equity or cash injection to the business has evaporated. As alternative sources of capital injection, the business owner's turn to their bank for lines of credit, business mortgage extensions and/or term loans to maintain and/or beef up their operations and/or support capacity. Unfortunately, the old cliché of banks will only lend when you don't need it is as true today as in years past....only worse! Banks always place bets that are reasonably sure to pay off. And to do this, they rely on the business' ability to service debt (e.g. cash flow.... See # 3) AND they drive from the rear-view mirror. That is, they are looking at a business' cash flow from the past couple of years (see # 1, 2 & 3). While a company may be experiencing better sales, profits and cash flow this year, and might even be expecting continued improvements in the coming months or years, it is all "blue sky" to the bank. Banks deal in the "here and now" and the past dictates the present so.... You get the picture. Then, the bank also looks at worst-case scenarios for secondary sources of repayment. That is, collateral, and guess what? In many cases the primary sources of collateral (e.g. homes, real estate, CD's or marketable securities) have suffered a major hit in value (see above comments) and therefore, collateral coverage for new or existing loans might be well below the bank's requirements. And, add to this the increased oversight/regulatory burdens that banks are under due to the financial crisis of the past few years, their purse strings are drawn tighter than ever. Kind of a "perfect storm" raining on the business owner's parade.

5. **Government:** The odd one out of our "4 C's and a G" grouping, but it's a big one (and getting bigger all the time)! Government at all levels, Federal, State and Local, continue to expand in terms of size, scope and control. New regulations on banking, consumer protection, environment, energy consumption, healthcare, etc., etc., etc. have been rolled out in disturbingly high volume over the past several years and they have resulted in increased burden on businesses in terms of costs, operations and compliance. Add to this that as government grows, the beast demands to be fed and governmental bodies at all levels are seeking increased revenues to support their "needs". So, taxes, user fees, limitations of deductions that are currently in effect or are slated to come on line within the next few years are REALLY hampering business growth. I don't need to go into the detail, but just look at proposed income tax rate increases at the federal level, and recent rate increases at the state level for both personal and corporate taxpayers. Add to these property taxes, sales taxes, payroll taxes, and the list goes on and on and on... Ditto limitations on expense deductions, depreciation schedules and government-induced costs to do business grow at exponential levels. All told, it adds up to an environment that is not particularly business friendly, constrains growth and limits capital formation.

I could go on but a lot of this is kind of depressing. We can only assume (and hope) that the only constant is change, and this too shall pass. Eventually, things will normalize and the "perfect storm" will pass. But for now, these five issues seem to be the things that keep business owners up a night.