



Entrepreneurs

## Great Small-Business Snub

Christopher Steiner, 02.09.09, 7:15 PM ET

As the U.S. Congress mulls a nearly \$1 trillion stimulus package, entrepreneur Scott Gingold is fuming.

"It's about time that [Congress] stops paying small businesses mere lip service," says Gingold, founder of Powerfeedback, a market research firm in Easton, Pa. "I'm just disgusted by what is going on right now, and I'm not alone."

The Senate aims to put its \$827 billion to a final vote on Tuesday, Feb. 10, at which point it will try to reconcile that plan with the House's \$819 billion version. With any luck, a new law will be on the books in the next month or so.

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Meanwhile, small fry cling by their fingernails, even as they collectively generate more than half of the country's GDP. Gingold recently surveyed 3,000 small-business owners and asked what they needed to survive the economic downturn. The overwhelming No. 1 answer--and something, Gingold says, the stimulus package doesn't address nearly enough--was credit.

"They're not looking for any type of exotic loan that wasn't available in the past," says Gingold. "They're not looking for a handout. They just want credit lines with fair interest rates and payback schedules, but that's something that has dried up during this crisis, and it's starving our small businesses."

Scott Baxter would agree. Serial entrepreneur and founder of SA Baxter, high-end maker of architectural hardware such as door knobs and lights in New York's Hudson Valley, Baxter has managed to clock double-digit sales growth during the recession. Still, he says, there is a lot of pain out there that the stimulus doesn't seem to address.

Take, he continues, all the incentive programs. Many proposals--like the one allowing companies to recoup taxes on profits earned in the last five years, rather than just in the last two years as the law stands now--tend to favor large businesses with a phalanx of lawyers to parse those loopholes, a luxury most small companies can't afford.

"By the time they're done paying their accountants and lawyers, there's not much incentive to the incentive," says Baxter. "It's simply not fair." Baxter's better solution: tax cuts. "That's something that goes straight to our bottom lines, and it doesn't take a bunch of bureaucrats to figure it all out."

Tax cuts can help but, as Gingold points out, they don't do much good if you can't tap credit markets and meet payroll in the meantime. Beyond credit, those surveyed wanted the feds to give smaller companies a fairer shot at government contracts and more input on big-picture decision making.

Politicians like to say that small business is the engine of the American economy. The stimulus bill will offer proof that they actually believe it.

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