

New JOBS Act calls for new tools

Written by Ron Busby, President U.S. Black Chamber, Inc.
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On Thursday, April 5, 2012, I had the opportunity to join a bipartisan group of supporters at the White House to witness the signing of the Jumpstart Our Business Startups (JOBS) Act of 2012 into law.

This multi-pronged legislation addresses several financing challenges for small and emerging American businesses, and since access to capital continues to reign as the Number One problem for small businesses, the JOBS Act of 2012 has the potential to be just what the doctor ordered. Frankly, when most small, African American-owned-businesses express concerns about the lack of access to capital, few are complaining about the challenges inherent in preparing for a public offering of their stock. And for the most part Black business owners haven't been bitten by the "crowd-funding" bug that tech-savvy entrepreneurs have begun to use to attract growth capital to their enterprises.

So, taken as a whole and viewed on the surface, the elements of the JOBS Act hold little promise of alleviating the pressure most Black business owners feel when seeking capital for growth and expansion of their businesses.

But, the JOBS Act is a good thing, right? Well... sort of. The new legislation absolutely provides the impetus for Black businesses to develop the new tools needed to make the "jumpstart" bill work for us. We have to begin to think of our businesses in entirely new ways, particularly in matters of scale. Most Black-owned businesses fit the description of "micro-enterprises." The small businesses addressed in the JOBS Act can pool up to \$2 million in investment capital, issue up to \$50 million in stock, or grow to \$1 billion in revenue before attracting Securities & Exchange Commission (SEC) attention, in most cases. Most of us only wish we were that "small!"

Sounds like an apples and oranges comparison, right? But whatever the distinction between micro vs. small enterprise, we'll be working to figure out how to make this work for us. It's pretty

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clear we'll have to develop some new expertise. That means more joint ventures, more mergers, more working together, more creativity in the ways we position our businesses for growth.

The USBC will begin to work to engage our friends and supporters from the world of investment banking to develop strategies on how best to make the JOBS Act work for Black businesses across the country. With a little elbow grease, some new tools – and a huge helping of luck – we'll have a first draft ready for presentation at the USBC School of Chamber Management this summer.

There is one provision included in the JOBS Act that holds a bit more short-term promise. The Capital Expansion Act (HR 4088) increases the number of shareholders able to invest in community banks from 500 to 2000. This one component alone should dramatically spur the development of Black-owned banks across the country, which in turn would open access to more conventional business financing tools. We'll be watching this closely, and will report back to you on progress in developing community-based financial institutions.