

CAPITAL BUSINESS

Government should get out of the way

By Robert L. Johnson, Published: October 20

This is the essence of entrepreneurship in America: An entrepreneur has an idea, somebody has enough confidence in the entrepreneur to back the idea financially or with other resources and the free market system — if it's unhindered by over-regulation — will allow innovation and new ideas to bring products or services to the marketplace. I was able to bring a product that didn't exist into the marketplace: black programming over cable.

I think the biggest hurdle for small business owners has always been access to patient capital that allows them to make some mistakes, but still have enough capital to continue on.

Small businesses also have to have a regulatory environment that makes it easier for large businesses to thrive. Most small businesses depend on large businesses for support, so if large businesses are stymied by regulations, that means they're going to cut back on spending, they're going to cut back on inventory acquisition, they're going to cut back on marketing—and all of these things impact small business suppliers. We have got to be careful about the unintended consequences of regulations that will have a direct impact on small businesses even though they may be targeted toward larger companies.

And I think the third thing that small businesses need, is a sense of leadership at the political level so that there's greater confidence all across the ecosystem of the economy— for consumers, investors and companies.

The government should do what it does best: Create an environment where businesses can, on their own accord, with their own initiative and their own resources, grow their companies.

There's always a tendency to over-regulate. You've heard the saying 'generals fight the last war.' Well, regulators regulate the last event. The time it takes for them to look at a problem, get legislative approval to enact a regulation, get funding to implement the regulation — they're regulating something that's happened in the past, and that has a chilling effect on businesses.

There are some things the government needs to regulate, but it should regulate not with a heavy hand, not with the presumption that business is bad. It should have the presumption that business people are going to operate in the marketplace in an efficient, effective way because if I create a bad product, somebody else is going to create a better product.

Regarding government loans, I think they tend to carry a number of restrictions that may not appear in the regular marketplace and they also tend to take a little bit more time — and time is really a valuable commodity when you're starting a business. In a fast-paced, technology-driven, media-driven world like this, going to market six months after somebody else has gone to market could mean the difference between being number one and not existing.

Government loans should be stream-lined, they should allow for a quicker time period for approval and take into account that many small businesses are not able to marshal all of the data and information that a government loan requires for approval because they're just starting out. They may not have a CFO, they may

not have a full law firm, they may not have a lot of other things that they need. The government has to be a little bit more aware of the issues small businesses face when they're starting up.

Entrepreneurs are always ready to go, so it's never a bad time for an entrepreneur. What the government regulation and the lack of credit do, though, is slow the process. For a guy who wants to open up a small business—who wants to go out and hire 10 people right away—is stuck if he can't get a loan. The company that he's looking to make a pitch to is not going to wait and may look elsewhere for that service. That's the problem.

There's no such thing as entrepreneurs who are going to hold back if they can see any light of day in their vision. Government shouldn't get in the way of an entrepreneur who is trying to be a first mover.

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