

**Capital Access for Minority Small Businesses: COVID-19  
Resources for an Equitable and Sustainable Recovery**

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Good morning Chairman Rubio, Ranking Member Cardin, and Members of the Committee. My name is Talibah Bayles and I am the Founder & CEO of TMB Tax & Financial Services - a 100% black and woman owned firm located in Birmingham, Alabama. As a Small Business Owner and a Small Business Advocate, thank you for the opportunity to speak on today's hearing focus of capital access for minority small businesses.

TMB Tax & Financial Services a full-service tax and revenue planning firm with clients across the United States. We are on a mission to help small businesses thrive with airtight financial strategies and tools such as small business tax preparation, tax planning, bookkeeping & payroll, and business credit & financing coaching.

I founded this company here in the DC Metro area while working for the Department of Justice where I worked for over 12 years. Prior to working for the Department of Justice, I was an employee right here in the U.S. Senate where I worked for three years. With over 15 years of federal government and small business experience, I made the decision to relocate back to Birmingham as a full-time entrepreneur. And my company has hit the ground running. Today, I have come full circle and am extremely honored to have a seat at the table from this view.

Today's focus on equitable and sustainable small business recovery is vital to the fabric of local, state, and federal economies. As you know, small businesses employ nearly half of the nation's workforce (49.2%) (Source: ["Small Business Statistics"](#)). Small businesses have traditionally created approximately 2 million jobs a year which accounts for 60-65% of net new jobs a year (Source: ["Small Business Statistics"](#)). In Alabama, there are over 400,000 small businesses (actual 401,717) which represents 99.4% of the State's total business count (Source: [SBA Office of Advocacy](#)). However, since the official COVID-19 declaration of emergency on March 13, 2020, small business job creation declined nationally by 17%.

Small business legacies are disappearing. Companies like mine have found themselves on a battlefield trying to assist troops who are fighting without the proper armor. Of course, there were challenges that existed prior to COVID-19. In the interest of time, I'll only highlight two that I believe are the greatest challenges for minority owned businesses.

The first is the **small business survival rate**. 80% of small businesses survive their first year. That number drops to 70% at the end of the second year. By year five, if they are still around by then only approximately 50% of small businesses are still operating (Source: ["Small Business Statistics"](#)).

The is the **credit profile of a typical small business owner**. According to NAV's Small Business American Dream Gap Report from 2015, one in five business owners who applied for funding in the last five years were denied, and 82 percent of all the business owners surveyed didn't know how to interpret their credit scores.

I believe the root of both challenges is a small business financial literacy failure. Even further, inequitable access to information and expert-level technical assistance should be the focus on

this Committee as you consider next steps for COVID-19 relief for small businesses. Without the information provided to small business owners through the services of small business tax preparation, bookkeeping, tax planning, financial planning....yes, there will be a lack of access to capital.

Equitable access to information and expert-level technical assistance properly equips the small business troops on this COVID-19 battlefield because they can now see what they are fighting against. Said differently, equitable access to information allows business owners to see the areas that they need to fortify in their business. If the deficiency is becoming compliant with taxes, they know it and now know how to do it. If the deficiency is not having an accounting software so that they can produce a Profit & Loss statement or a Balance Sheet to show the health of their business, they know it and now know how to do it. If the deficiency is the need to restore personal credit or to build business credit so that they can be approved for funding, they know it and now know how to do it.

Equitable access to information and expert-level technical assistance yields equitable access to capital for minority business owners. TMB Tax & Financial Services has become the perfect blend of small business financial literacy and trusted financial services. Therefore, through my business I have launched a movement to Get Bankable. And we've experienced wins for our clients during this COVID-19 crisis. I'm a part of a team of six other black women in accounting, financial planning, and bookkeeping that has collectively accomplished over \$1.5 million in CARES Act funding for minority owned businesses. And with a couple more weeks left of PPP, we will surpass this accomplishment.

My clients' high PPP approval rates were accomplished as the result of year-round technical assistance in the areas of tax preparation, bookkeeping, and payroll. Well before this COVID-19 crisis, we provided small business financial literacy to our clients. For our Schedule C entrepreneurs, we trained tax compliance and small business tax strategies. We not only focused on the importance of year-round record keeping of business income and expenses, but most importantly the importance of reflecting positive net income on the Schedule C tax form. We deployed what we call the "leave something for investors and underwriters" strategy. Without advising our clients of this strategy, we found that most Schedule C entrepreneurs were more inclined to "write off" as much of their expenses as possible which results in either a very low net income or even a negative net income for the business on the Schedule C tax form. Those clients that deployed the "leave something for investors and underwriters" strategy, obtained PPP loans ranging from \$4,000 to \$15,000 as Schedule C/Sole Proprietor applicants. And I think it is very important to note that clients approved for the smaller PPP loans were just as excited and motivated by their approvals because that amount translated in keeping the doors open or expenses paid for just a while longer!

For our corporation entrepreneurs, we trained on the importance of having a formal payroll system in place. We stressed the importance of payroll tax withholdings and compliance and the adverse effects of paying through other platforms that do not account for payroll tax compliance. And because my company is also a payroll provider, we were able to create and

maintain a formal payroll structure for these small business owners. This allowed business owners to have quarterly 941s tax forms and other payroll documentation required for the PPP application. Those clients that deployed the strategy for implementing a formal payroll structure, obtained PPP loans ranging from \$7,000 to \$250,000. For these approved applicants, that amount translated in their ability to cover payroll and divert the money freed by the loan into keeping the doors open or other expenses paid for just a while longer!

PPP was a necessary short-term lifeline for them and certainly addressed an immediate need for business owners that were approved. However, to weather this storm over the long run it is critical that business owners have access to flexible long-term working capital. Minority businesses often do not have significant cash reserves or access to traditional capital and any effort from Congress to provide long-term loans with low interest will help sustain these businesses. Especially when coupled with a blend of the expert-level technical assistance real financial tools needed to be approved for these long-term loans.

In closing, the information that I have shared today is from the front line. I again state equitable access to information and expert-level technical assistance grants access to capital that businesses owners need. Small business owners are ready for it and expect it. Small business owners whisper stories of courage and strength into the fabric of the American dream. I grew up seeing the American dream of small business. I practically grew up in my parents' office supply business, Bayles & Company, which was once located on 2nd Avenue North in Birmingham, AL. And today, my daughters are practically doing the same in my office off Beacon Parkway W in Birmingham, AL where the original Bayles & Company sign is donned on the front wall. The Grit. The Successes. The Failures. The Motivation. The Legacy of the Small Business Entrepreneur.

Again, thank you for the opportunity to come full circle and testify today. I wholeheartedly offer my blended background to a continued discussion on this very important topic and look forward to working with this Committee in the future.