

# He, or She, Who Hesitates is Lost: Takeaways from the Silicon Valley Bank Failure

*The bank's demise can be attributed, in part, to a balance sheet that only commanded attention after it was too late*

MIAMI, FLA., USA, March 14, 2023 /EINPresswire.com/ -- There's an old expression about closing the barn door after the horses have run out that some believe is analogous to the downfall of Silicon Valley Bank. Theirs is a cautionary tale about the importance of balance sheets and reviewing potential areas of exposure before it's too late.



The bank's failure is causing many people to think more about balance sheets. While income statements usually get the lion's share of attention from small and medium-sized company owners, balance sheets also need close monitoring. SVB had a strong income statement, but the weakness of their balance sheet wasn't addressed until it was already too late to correct.

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*Bill Fickling*

The secret to managing a balance sheet is to focus on maximizing access to capital well before it's needed. Once you need access to capital, it's often far too late, as SVB learned the hard way.

Other potential areas of concern involve uninsured deposits and/or money market funds backed by U.S. Treasuries. Treasury bonds used to be considered the safest investment of all, but events at SVB have shown that's no longer the case. Inflation and rising interest rates have caused a 30% loss of value system-wide of “held to maturity” Treasury long bonds, which don't have to be marked to market. These can have excess exposure.

Finally, it's important to have “dry powder” in the form of term loans available to draw down quickly if liquidity is needed. A strong income statement is usually required to obtain credit from

a local or regional bank so, if your income is weak, it's time to implement strategies to shore it up.

[TAP Financial Partners](#) can assist with all of this, whether reviewing balance sheets for your own company or its bank, evaluating money market funds for exposure, or obtaining credit for times of need. Our bankers bring a wide variety of experience to clients in our ecosystem, including those who know their way around FDIC Call Reports, capital ratios, and U.S. Treasury bond holdings.

To speak with a member of our team, contact us. We can help you avoid suffering the same fate as Silicon Valley Bank.

-- [Bob Press](#) and [Bill Fickling](#) for TAP Financial Partners

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As founding partner at TAP Financial Partners, Bob's focus is on building capital structures for small and medium-sized businesses that enable growth and development while safeguarding the interests of ownership.



In addition to his current role at TAP, Bill Fickling was the founder and chairman of a community bank and has served on advisory boards for a variety of financial institutions during a 40-year career.

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