



Business Loans for Growth: How to Get Them

Glennis McClure – Nebraska Enterprise Fund

**Small Biz Day, Omaha, Nebraska
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Supporting Micro /Small Business Development

Sharing the message of the value
of micro/small businesses



Importance of Entrepreneurship in NE

- ▶ 85% of businesses are microenterprise (factoring in non-employers). Over 90% of businesses in rural counties are microenterprise.
- ▶ In Nebraska, if 1 in 3.5 micro businesses hired one employee, the state state would be at full employment. (Association for Enterprise Opportunity, 2011)

State Support

Microenterprise Development Act
Dept of Economic Development
NIFA
Foundations
Banks

National Support

CDFI-Dept of Treasury
Small Business Admin
USDA
Foundations
Banks
Nat'l Non-Profits

Local Support

Banks
Local Foundations
Corporate Donations
Economic Dev Organizations
Individuals



**NEBASKA
ENTERPRISE FUND**

Connecting Businesses to Resources

NEF Provides Gap Financing Resources to Businesses and Loans, Grants, Technical Assistance, Training, Evaluation, along with Product Development Services to Microenterprise Development Organizations (MDOs) and Community Revolving Loan Funds

	Catholic Charities - Microbusiness Training and Development Program, Omaha	Nebraska EDGE - Center for Rural Innovation, UNL	Northeast Economic Development, Inc.	
Community Development Resources, Lincoln	NEF Program Partners Provide - Loans, Training, TA for Micro / Small Businesses in urban and rural Nebraska			West Central Nebraska Development District
Ho-Chunk Community Development Corp.				NeighborWorks, Omaha
Hastings Economic Development Corporation	Omaha Small Business Network	GROW Nebraska	Rural Enterprise Assistance Project (REAP), Center for Rural Affairs	Midlands Latino Community Development Corporation, Omaha



NEBRASKA ENTERPRISE FUND

Connecting Businesses to Resources

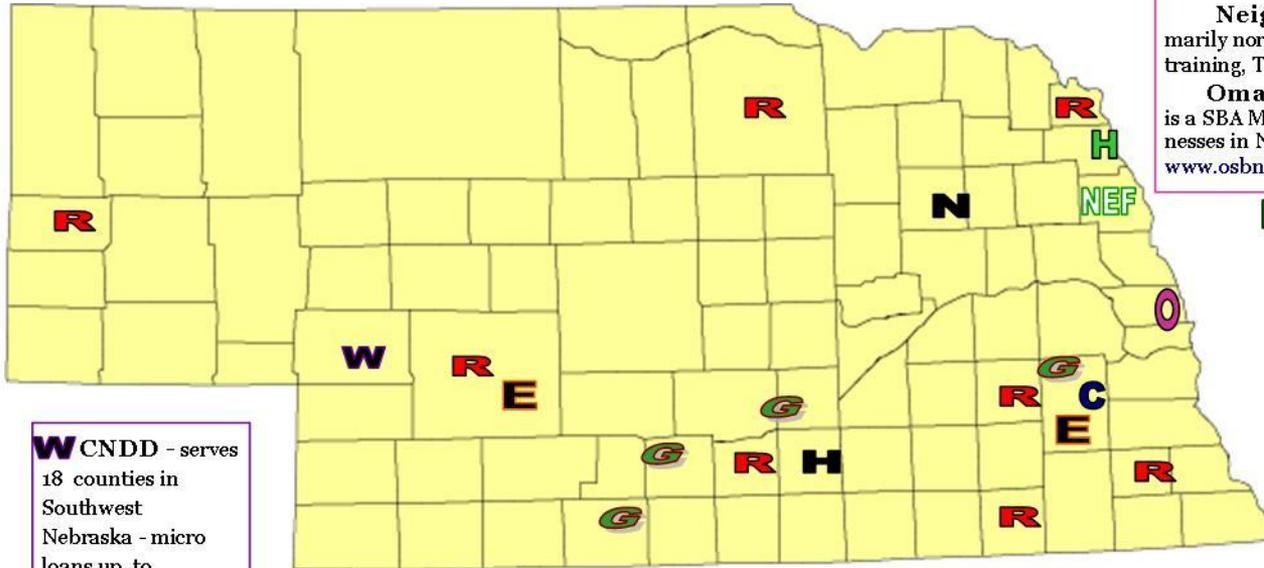
Nebraska Enterprise Fund provides gap financing in partnership with banks and programs. It also leverages support, funding and advocacy for small and growing businesses and helps build the capacity of Nebraska Microenterprise Development Organizations to increase their effectiveness.

Nebraska Micro Partners include:

Microenterprise Development Organizations, Regional Development Districts, Community Economic Development Organizations, Community Colleges, State Colleges and Universities, Nebraska Business Development Center, Banks

NED Inc. serves Northeast Nebraska (24 counties) - micro loans up to \$50,000, TA / training, plus loans up to \$100,000. www.nenedd.org or www.nedinc.org

Omaha Programs:
Catholic Charities -Microbusiness Dev. Serves primarily south Omaha Hispanic businesses with training, computer lab, technical assistance and micro loans . www.ccomaha.org
Midlands Latino-CDC is focused in Child Care Development and micro-loans for Latino businesses in Greater Omaha. www.midlandslatinocdc.org
Neighborworks Omaha (NCDC) serves primarily north and south east Omaha - business, computer training, TA, loans up to \$40,000. www.nwomaha.org
Omaha Small Business Network (OSBN) is a SBA Micro-lender providing financial assistance to businesses in North and South Omaha (east of 72nd Street). www.osbnbtc.org



Ho-chunk CDC serves Native Americans and Thurston County - micro loans up to \$35,000, operates Woodland Trails art retail and learning center.

WCNDD - serves 18 counties in Southwest Nebraska - micro loans up to \$50,000, TA/ training, plus loans up to \$100,000. www.wcndd.org

EDGE serves Nebraska communities and organizations statewide with business planning courses and training workshops. nebraskaedge.unl.edu or nxbizsuccess.com

GROW Nebraska is statewide, providing marketing, TA and training with Quick GROW loans up to \$10,000 in collaboration with REAP. www.grownebraska.org

Hastings Economic Dev . Corp. - micro loans up to \$50,000, plus loans up to \$100,000. www.hastingsedc.com

REAP serves rural Nebraska (not Lincoln or Omaha) providing loans from \$200 - \$50,000, training, TA, and networking, operates Hispanic and Women's Business Centers. www.cfra.org/reap

CDR provides training, TA, and micro loans up to \$50,000 and is a SBA 504 lender. www.cdr-nebraska.org

How does NEF help make more capital available to micro businesses?

- **Loans and LLR Funds to program partners that lend**
Micro-programs
Community development loan funds
- **CD Guarantee Loan Product**
Collaboration with banks
- **Direct lender to business – help fill direct financing gaps**
Collaboration with programs and banks

Debt or Equity Financing

Debt Financing

- ▶ Bank loans
 - Lines of credit
 - Term loans
 - Guarantees (SBA /USDA)
- ▶ Microenterprise Loans
- ▶ Community Development Financing
- ▶ Home-equity loans
- ▶ Credit Cards

Equity Financing

- ▶ Family and Friends
- ▶ Personal Funds
- ▶ Angel Investors
- ▶ Venture Capitalists
- ▶ Partnering



Capital Sources

See Capital Sources handout for complete listing

- ▶ Banks
- ▶ SBA
- ▶ USDA
- ▶ Revolving Loan Funds
- ▶ Alternative lenders
 - Microenterprise Development Organizations –
 - REAP is the largest micro-lender in Nebraska
 - CDFIs
 - NEF serves as Statewide Intermediary

The C's

that Lenders /Investors Consider

- ▶ **Credit & Financial History**
- ▶ **Character**
- ▶ **Capacity – ability to repay**
- ▶ **Collateral**
- ▶ **Conditions – future economic trends**
- ▶ **Capital – time & money**



Rief Design & Manufacturing, LLC

UNL Mechanized Systems Grad Stays in State – Grows Rural Business

Owners: Adam & Steve Rief

Location: Cuming County

Business website: www.riefdesign.com

Programs – NEF CD Guarantee, NED Inc., First National Bank – NE

Recent business expansion – received large Menards contract

Woman owned business

Needed significant operating capital –
for supplies, labor and cost of goods

Plus needed \$\$ for equipment

Good relationship with local bank

Purchase order in hand – collateral

SBA Express (guaranteed ½ of bank
loan)

NEF CD guarantee used and a personal
CD as security.

Personal guarantors and home real
estate pledged on one loan.

Two programs and a bank worked
together to get this done!



Need a Business Plan -

Include marketing analysis & strategy

Income & Expense history

Projections / proformas

- Cash flow (month to month)

- Break-even point

- Balance sheets (business & personal)

Contracts, leases, agreements



Loan or Investor Request

- ▶ Amount needed
- ▶ Uses of the fund\$
- ▶ Terms – Type of loan or request
- ▶ Collateral
- ▶ Financial performance measures

Understand lending /investor policies and requirements



What is your “skin in the game”?

- I can give up _____
- I could sell this _____
- I could borrow against this _____

Earn it
Share it



Resources:

Nebraska Enterprise Fund: www.nebbiz.org
intake /application form

SBA Business Plan - www.sba.gov
Template - <http://web.sba.gov/busplantemplate/BizPlanStart.cfm>

SCORE Business Plan Template page -
<http://www.score.org/resources/business-plans-financial-statements-template-gallery>

REAP Business plan format & financials template –
<http://www.cfra.org/reap/forms>