Business Loans for Growth: How to Get Them

Glennis McClure – Nebraska Enterprise Fund

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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 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

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**NEBRASKA 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**

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**NEF Program Partners Provide - Loans, Training, TA for Micro / Small Businesses in urban and rural Nebraska**

- Community Development Resources, Lincoln
- Ho-Chunk Community Development Corp.
- Hastings Economic Development Corporation
- Omaha Small Business Network
- GROW Nebraska
- Rural Enterprise Assistance Project (REAP), Center for Rural Affairs
- Midland’s Latino Community Development Corporation, Omaha
- West Central Nebraska Development District
- NeighborWorks, Omaha

*NEF Support Flowchart*
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.

**Omaha Programs:**
- Catholic Charities - Microbusiness Dev. Serves primarily south Omaha Hispanic businesses with training, computer lab, technical assistance and micro loans. [www.comaha.org](http://www.comaha.org)
- Midlands Latino-CDC is focused in Child Care Development and micro-loans for Latino businesses in Greater Omaha. [www.midlantslaticd.org](http://www.midlantslaticd.org)
- Neighborworks Omaha (NCDC) serves primarily north and southeast Omaha - business, computer training, TA, loans up to $40,000. [www.nwomaha.org](http://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.osbne.com](http://www.osbne.com)
- Little Omaha CDC serves Native Americans and Thurston County - micro loans up to $35,000, operates Woodland Trails art, retail and learning center.
- DGE serves Nebraska communities and organizations statewide with business planning courses and training workshops. nebraskaedge@uml.edu or [nzbizsuccess.com](http://nzbizsuccess.com)

**W** CNDD - serves 18 counties in Southwest Nebraska - micro loans up to $30,000, TA training, plus loans up to $100,000. [www.wcnnd.org](http://www.wcnnd.org)

**R** EAP 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.cfri.org/reap](http://www.cfri.org/reap)

**C** DR provides training, TA, and micro loans up to $50,000 and is a SBA 504 lender. [www.cdr-nebraska.org](http://www.cdr-nebraska.org)

**ED** Inc., serves Northeast Nebraska (24 counties) - micro loans up to $50,000, TA / training, plus loans up to $100,000. [www.nenedd.org](http://www.nenedd.org) or [www.nedinc.org](http://www.nedinc.org)

**ROW** Nebraska is statewide, providing marketing, TA and training with Quick GROW loans up to $10,000 in collaboration with REAP. [www.grownbraska.org](http://www.grownbraska.org)

**Hastings Economic Dev. Corp.** - micro loans up to $50,000, plus loans up to $100,000. [www.hastingsedc.com](http://www.hastingsedc.com)
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