

Finding Allies for Your Business

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SPEAKERS

Introduction, Phil, Rachel, Terri



Terri 00:00

Welcome to the Making Money Personal Podcast. I'm Terri Connolly in the studio today is Phil Frechette and Rachel Roderick from the Small Business Administration aka SBA, talking about the many resources the SBA provides to help small businesses grow and thrive. If you're a business owner or thinking about opening your own business, you're invited to stay tuned.



Introduction 00:27

You're listening to Triangle's Making Money Personal Podcast, where we engage in real talk about financial matters that affect our community. Today's episode is sponsored by Triangle Credit Union recently voted Best Credit Union in New Hampshire.



Terri 00:43

Thanks for joining us, everyone. I'm Terri Connolly. Joining us in the studio are SBA representatives, Phil Frechette, and Rachel Roderick. Welcome Phil and Rachel.

R Rachel 00:51
Thank you, Terri.

P Phil 00:53
Thanks, Terri. It's great to meet you. Finally.

T Terri 00:56
My pleasure. It's great to meet you, too. So, to begin, could we talk a little bit about the origins of the SBA and the overall mission of your agency?

R Rachel 01:05
Sure. Well, the SBA is a federal agency. We began in 1953. And there's SBA offices located across the country. We have one office in New Hampshire, but there's an SBA office in every state across the country. The way we deliver our programs and services has evolved over the years. But our primary mission has always been the same. And that is we help either individuals who are thinking of starting a business or existing businesses start, grow, and expand their businesses through a variety of different programs and services that we offer.

T Terri 01:40
Okay. What is your role, Rachel, at the SBA? How long have you been there? If you don't mind me asking.

R Rachel 01:47
No, I've been there over 30 years now. I worked in Boston for a few years. And then I've been in New Hampshire now for about 24 years. I'm currently the Deputy District Director in the office. So I help our District Director, Gretta Johansen, oversee all of the agency's programs that we deliver across the state. But through the years, I've worked in pretty much every other area within SBA I did loan processing years ago, worked with our resource partners, involved with our government contracting programs. So 30 years is a long time, I've kind of worked in all the different aspects of the office.

R Rachel 02:24

Right. That's awesome. What about you, Phil?

P

Phil 02:27

So not quite 30 years, I've been with the SBA, just over four. I'm in the Lender Relations Specialist. position, and I'm also the District International Trade Officer. So I work mostly with banks and credit unions and the small businesses in regards to what financing options might work and some of the loan programs that we'll get into a little bit later, that we might offer.

T

Terri 02:52

Awesome, great. So are you both based out of Concord?

R

Rachel 02:56

Yes.

P

Phil 02:57

Yes.

T

Terri 02:58

Do you have multiple offices throughout the state? Or is it just primarily Concord

R

Rachel 03:03

We just have an office in Concord, but we have relationships with our resource partners, and they're located throughout the state.

T

Terri 03:09

Okay.

R

Rachel 03:09

So the delivery to the small businesses, through our lending partners and our resource partners is everywhere.



Terri 03:15

Okay. So if I'm somebody, you know, just starting off, would I try and contact the office in Concord? Or should I just like, look locally, for wherever my resource is?



Rachel 03:29

Well, we do get a lot of people that contact us first, which is fine. And we mostly refer them to our resource partners to start, especially if they haven't been in business at all, yet, that's really the first place that they would want to go to, to just flush out their ideas, work on their business plan, you know, and they can develop that relationship with one of our resource partners to kind of worked through that whole process.



Terri 03:56

Okay, great. Thanks. So what kind of resources does the SBA offer?



Phil 04:02

So the resource partners that Rachel is referring to, we have Center for Women in Enterprise, which I know you are very familiar with. There's also Small Business Development Centers or SBDC they go by, and there's SCORE. And then Veteran Business Opportunity Centers. VBOC is what they go by, and all of these organizations to provide free and confidential counseling to small business owners, and it's through the life cycle of the business. So whether they're just thinking about starting, they don't know where to turn yet, they're an existing business looking to grow, hire new employees, or whether it's at the end of the life cycle, and they're looking at selling, that transition period, SBC, score, VBOC and CWE are there to help.



Terri 04:46

Okay. So for me, if I'm, thinking about starting a business as a woman, would naturally my first step be to contact the, the Center for Women in Enterprise



Phil 05:00

So that would be a great starting point. They help anybody but they specialize in women initiatives, women owned businesses. So they put on a lot of trainings, and you don't necessarily have to be a woman to go to these trainings. But if there's any local, state or federal initiatives that might be woman focused, they are most likely going to know better

than any of the other workers and organizations.



Terri 05:23

And that's true for the veterans as well. Phil, like, would they know about specific programs or grants or, you know, anything is available.



Phil 05:30

Exactly that is the targeted focus, is they will also offer trainings or certain outreach to any business, but they're trained specifically and their focus is specifically with veteran owned businesses.



Terri 05:46

Excellent. Excellent. So in terms of their relationship, are they funded by the SBA? Is that how it's set up?



Rachel 05:53

Yes, all of our resource partners that Phil just mentioned, all get money from the SBA, okay, at least partly funded by the SBA. Okay. Now, the other thing I would add to is, though, it might be a natural fit for a woman to want to go to the Center for Women in Enterprise, which is perfectly fine. But we usually tell our businesses when they're first starting out to develop relationships with all of the local resources, because you might sit down with SCORE or the Small Business Development Center and just get a different perspective. So it's good for them to kind of touch base with everyone and just develop that relationship and you know, call them quarterly or whatever, just to run different, whatever the challenges are through those different partners just to get different ideas or whatever.



Phil 06:35

Another great point about that is, SCORE and SBDC have a larger pool of counselors. CWE is great, there's two of them for the state of New Hampshire. So if you talk about, you know, you have every woman owned business only going to them, they might have a longer waiting period, they might be referred elsewhere. So checking with all your resources, making sure you're getting whatever help you can, they're all free, you're not limited to using one.

T Terri 07:01
That's fantastic. That was actually going to be my my next question about, you know, are they free? Is there any there's no charged to utilize these resources?

P Phil 07:08
Correct. It's all free. It's either from SBA funding, or other state, local or federal agencies that they did fundraising with their grants. But these organizations are funded to help small businesses at little to no cost, no cost for the counseling. And most of the onsite training. The only cost is, some of them, if they're getting an external speaker, for some of their trainings, there might be a small fee \$10, \$15 \$20, to attend one of these trainings, but anything in regards to setting up a business plan, counseling on your business, and the day to day that these organizations, what they provide, that's all free to the small business.

T Terri 07:47
Phil, I want to go back to something you had said a little bit ago too as far as so as a small business owner, I'm going in and making this contact with these resources and I can utilize them for you know, six months, 12 months, a year, whatever it takes?

P Phil 08:02
Whatever it takes, there's I am actually the the Project Officer for the Small Business Development Centers, and they have clients that they've been working with for 7-10 years, it's a business life cycle relationship. It can be, not all businesses need or want the resources that long, but they're available.

T Terri 08:21
That's awesome. That's great. What are some of the most popular SBA lending programs for businesses?

P Phil 08:29
Alright, that falls on me to being the Lender Relations Specialist, I guess. So there are different processing methods with our loans, everything is done through the banks or credit unions, much like a VA Mortgage on the consumer side. So the borrower is going to go into the lending institution and ask for that loan, the different processing is not

necessarily on the borrower, it's going to be on the lending institution, meaning can they process it in house, or do they have to send it to the SBA, for underwriting, the most common that we have is called SBA Express. And that's because, say here at Triangle Credit Union, it's used quite often because you can follow your own policy. And it's much quicker on the processing side, then the bank or credit union, collecting all the information, sending it to the SBA for underwriting and having the back and forth between the lending institution and the SBA. So the most common is Express, and what's that used for is any eligible business purpose, meaning lines of credit, it can be used for real estate, it can be used for working capital, etc, it goes on and on. The timeline can be anywhere between once the borrower gives everything that they need to give to the lending institution, it can be anywhere between 48 hours to two weeks to close that loan. It's all dependent on the lending institution. If it was a standard loan that was coming to us, that could take up to two to three weeks, just because you know, the communication and the back and forth. Other loans we deal with are called 504 loans. And that's also very popular, because what that is, is two loans closing at the same time, it's like a first and a second on a mortgage at the same time, where the say Triangle Credit Union would have a first on this real estate. And then the SBA would have a second, it's a totally separate loan. And that takes the risk away from the lender on if they're doing an eligible SBA loan. And the reason that's common is a lot of lenders that don't necessarily use SBA on a day to day basis, they're not familiar with all the rules, they might forget how it works. And then there's that fear of, are we doing it right? Whereas this one, you're still doing technically an SBA loan, only the SBA is doing one loan, and you're doing the other.

T

Terri 10:45

So if I'm a business, and I'm just starting out, and I need, let's say, \$20,000, in capital, what are some of the guidelines that you could, you know, give me in terms of "Terri, this is what we would need in order to process your loan."

R

Rachel 10:57

So if it's, it depends on the type of business it is, if it's a startup business, then they're going to have to demonstrate that they have repayment ability. So they're going to have to work with one of our resource partners, more than likely to put a business plan together that shows how they're going to generate enough income to be able to pay the loan back. If it's an existing business, and they're looking for that \$20,000, they're going to go by the historical results of the business. So they're going to look at the past three years of tax returns or financial statements and says, Does this business generate enough cash every month to be able to pay that back, and that demonstrates repayment ability. So once they get through that barrier that shows that they can afford the loan, then it would be up

to the bank to decide, "Are we comfortable enough with this loan?" Or the credit union decide, "Are we comfortable enough with this loan? That we can do it directly? Or are we going to require a credit enhancement, like the SBA product to come back in and give, you know, reduce the risk a little bit for the lender?" So, does that answer your question?

T Terri 11:59

It does. Just as a follow up question, so if I'm a new business and there's not there's no transaction history, would you be looking at my own personal, like the credit scores and things like that pretty much to say, Yep, this is a worthy person who's worthy of credit

R Rachel 12:15

Definitely. And that's with any bank loan, or any, you know, they're going to look at personal credit history as an indicator to make sure that you're paying your bills on time.

P Phil 12:27

And projections. So part of that business plan is your counselor is going to help... Well the counselor help the small business owner with accurate projections, meaning market data, similar industry, making sure that what they think they're going to earn over the next two to three years is in line with other the same industries. So other locations in the region. You don't want to be this type of business with a business plan that says "I'm going to make X number of dollars in the year" but the similar industry in your region is making 10%, 20% less than that. And that's big on what the SBA leans on for the business plan and the approval is going to be projections.

T Terri 13:08

Okay. Does the SBA or your resource partners, do they help you with those projections as well? Is that part of their offering?

P Phil 13:16

Yes, actually, as an example, SCORE works with, they have connections with UNH as does SBDC, they have probably a closer connection. But I know SCORE uses a software platform that works off of industry codes, and then it's a good data source for what the projected earnings would be what a price point for a certain product is awesome. And it helps with building business plans and those accurate projections versus what is thought to be a good projection.



Terri 13:45

So this is so neat, because you know, what I'm hearing you tell me is that I've got this great idea. And all I really want to do is make, you know, I want to bring this, these items or whatever they say it's widgets to market. And I don't have, you know, my background might not be like data research. So now you're telling me that you there are resources available out there to help create a business plan. And you know, and set you on the right road in terms of growth, like, you know, two year growth, three year growth, for your growth, and so on.



Rachel 14:16

So one of the primary reasons why people go to our resource partners is if they are looking for lending, or they need financing, is to work through all of those projections and get the business plan done, and then use the resource partner, kind of as a role player to play the lender, and they can present it to them and be able to answer those hard questions before they actually do get in front of a lending institution.



Terri 14:39

That's awesome. Yeah. Great. Going back to a little bit to your own experience, can you, maybe, Rachel, we'll start with you, since you've been with the SBA longer. Can you share a little bit of an experience in terms of like, maybe some of the new startups or not even necessarily new start, but a business that you've worked with, it has gone on to bigger and better things, you know, just in terms of like, a success story, I guess, is what I'm looking for.



Rachel 15:06

Sure. Well, we just had our Small Business Week celebration. So we highlighted six different businesses that have won awards, that have won awards in different categories. And we do this every year to recognize some of us success stories. So one of the businesses was kind of neat, that I was thinking of talking about, it's called Micro Precision Technologies out of Salem. And the the current owner there went through a program that we have called Emerging Leaders, which where we bring in a group of business owners that work through seven months, and they're working with their peers. And it's a developed, it's a curriculum that's been developed, and that SBA pays a contractor to deliver where they're working on a strategic growth plan for their company. So she went through this program with us, and she was through that was connected with the Small Business Development Center, a lender. And she basically was able to go through an ownership transition. So she purchased this business from her parents, they were looking

to retire. So she was able to, you know, get the financing in place, get the technical assistance to be able to buy the business. And now through through that loan, and also just through the technical assistance that she has, she's been able to expand her business and, and really has taken off and she's got 13 employees, she's had her best year last year, two and a half million in sales. So yeah, so that's one of the ones that we highlight.

T

Terri 16:36

Yea, that's a great success. What about you Phil? Have you worked along with people who you would say, "Oh, this has been a good day."

P

Phil 16:44

So one that comes to mind is actually 603 Brewery out of Londonderry. I remember working with them more on the point where they were looking for resource partner. And it's right when I came on. So I remember that one video, because I didn't know what I was talking about the time, I just started with the SBA, I was learning with a resource partner was myself and got them linked up with SCORE, I believe it was and over the years, I had actually left the SBA for a short period of time to go be a commercial lender and then came back. And during that period of time, I worked with them on the commercial lending side with an SBA loan, and then came back to the SBA and continue to see them grow and flourish and you know, see their product on almost every shelf I go into in New Hampshire. So that was a nice little success story, especially for beer where you can find it anywhere. And there's a lot of micro breweries. So to see 603 come up the way it did is quite impressive.

T

Terri 17:44

Yeah. In terms of the overall economy, you know, for New Hampshire, you are you seeing good things for small businesses like what's the temperature for, you know, startups and small business?

R

Rachel 17:59

Yeah, I mean, I think the economy is doing really well, I would say the biggest challenge for small businesses right now is the is the lack of labor force that's out there. There's actually companies that are just not able to take advantage of opportunities, because they don't have the labor to get it done. So I think the opportunities are there. If they can figure out the labor shortage, then it's, you know, then there's definitely room for expansion on their part.



Terri 18:25

Do you Is there any, are there any resources that the SBA helps,



Rachel 18:30

We have been partnering a lot with Workforce Development. So there's an apprentice program in New Hampshire, and we're working with them, you know, we send referrals to them, we're looking at doing doing more in that area where small businesses can work with the community college system and develop apprentice programs for their businesses that are specific for them. I think the community colleges have really gone a long way in New Hampshire, try to work with industries to make those happen. And we also work with the state, the state has some job training programs. So just bringing that awareness to the companies that these programs are out there is huge. We were just at an event earlier today. And we met a CNC machine shop that's been in business for a long time and New Hampshire, and he wasn't aware of all of these other programs that were out there. So we're gonna, you know, just getting out there and making people aware of it, and connecting them with the appropriate resource, I think is huge.



Terri 19:29

We even as you're explaining all of these resources, and how integrated you are within the state, you know, I mean, it sounds like, if you don't have a program, you certainly know, someone who might, right? In terms of just guiding and directing people along the way. That's fantastic. So I guess we're about ready to wrap things up. Is there anything else that you guys want to add?



Rachel 19:51

The only other thing that I would add to is, we have some specialty areas for existing companies for government contracting, and Phil had mentioned international trade. And a lot of times companies think, "Oh, I'm too small to think of government contracting or exporting.". And just to have that mindset that no, you're not, we've had companies that have, you know, been a one person shop that have figured out a role in the government contracting arena, or figured out exporting. There's a company that I can think of we met with a couple weeks ago that works out of a garage up north and has one other employee and he his revenue, 60% of his revenues are exporting. Wow. So there's a lot of resources and assistance for that. And just to think of that, and contact our office, and we can make sure that they're connected with those.

T Terri 20:38
That's great. Super, thank you for sharing that. So how do we contact you? How do people contact you guys?

P Phil 20:44
Yeah, so nowadays, I guess everybody contacts us first on the website, they'll either Google SBA and find us. But the easiest way to find our exact office is every district office, you do sba.gov. That's SBA.gov/ and then state initials. So if you want New Hampshire's district office page, it's /NH. I know Triangle works with Massachusetts as well. So you do "MA" and you can find all of the resources for that district office right on that page usually includes the resource partner list includes our resource guide, which is our magazine that has all the local state and federal resources for that area.

R Rachel 21:28
I would also add, that's where you can just sign up to get our email blast. So we don't overdo that. Don't worry about getting a box filled up. We're pretty selective on that. But we highlight all of the things that we're involved with in the state as well as all of our partners. Okay. We also do a monthly webinar on different topics called Small Business Solutions, so you'd find a list of the topics that they are. So we bring in subject matter experts on different topics. And we do those every month. We did one on franchising, for example. We've done more with attorneys talking about "Should I form an LLC versus a sole proprietorship?" So we try to mix it up and provide a lot of different topics. So you'll see a whole schedule of those on there as well.

T Terri 22:11
Excellent. Terrific. Well, thank you guys both so much for coming in. We really appreciate the time that we've spent with you. And I'm sure there's going to be a huge resource, as we've, as we've often said today resource for our listeners out there. So thank you so much

R Rachel 22:26
Thanks you so much for having us. And I just did want to do one other shout out to Triangle that your team in the Commercial Lending Department just won our Financial Services of the Year for SBA. So we're really happy to have the partnership with Triangle and and thank you so much for having us.



Terri 22:44

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