

Cleveland
District Office



SMALL BUSINESS RESOURCE



**Helping
Small Business
Start, Grow
and Succeed**

**U.S. Small Business Administration Cleveland District Office
Programs and Services Guide and Start-Up Kit November 2011**

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WWW.SBA.GOV • YOUR SMALL BUSINESS RESOURCE

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How to Start a Small Business

Starting and managing a business takes motivation, desire and talent. It also takes research and planning. Although initial mistakes are not fatal, it takes skill, discipline and hard work to regain the advantage. To increase your chance for success, take the time up front to explore and evaluate your business and personal goals. Then use this information to build a comprehensive and well-thought-out business plan that will help you reach these goals.

The process of developing a business plan will help you think through some important issues that you may not have considered yet. Your plan will become a valuable tool as you set out to raise money for your business. It should also provide milestones to gauge your success. Before starting out, list your reasons for wanting to go into business. Next you need to determine what business is "right for you." Ask yourself a few questions, such as:

- 1) What do I like to do with my time?
- 2) What technical skills have I learned or developed?
- 3) What do others say I am good at?
- 4) How much time do I have to run a successful business?
- 5) Do I have any hobbies or interests that are marketable?

Then you should identify the niche your business will fill. Conduct the necessary research to answer these questions:

- 1) Is my idea practical and will it fill a need?
- 2) What is my competition?
- 3) What is my business advantage over existing firms?
- 4) Can I deliver a better quality service?
- 5) Can I create a demand for my business?

The final step before developing your plan is the pre-business checklist. You should answer these questions:

- 1) What business am I interested in starting?
- 2) What services or products will I sell?
- 3) Where will I be located?
- 4) What skills and experience do I bring to the business?
- 5) What will be my legal structure?
- 6) What will I name my business?
- 7) What equipment or supplies will I need?
- 8) What insurance coverage will be needed?
- 9) What financing will I need?
- 10) What are my resources?
- 11) How will I compensate myself?

Your answers will help you create a focused, well-researched business plan that should serve as a blueprint. It should detail how the business will be operated, managed and capitalized.

Mapping Your Path with a Business Plan

You wouldn't start out on a cross-country trek without a map, so why would you want to try to start a business without a business plan? A business plan precisely defines your business, identifies your goals, and serves as your firm's resume. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions.

Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.

One of the greatest benefits is that putting a plan together forces you to sit down and map out exactly how you expect to make your business idea successful. Much hinges on it: outside funding, credit from suppliers, management of your operation and finances, promotion and marketing of your business, and achievement of your goals and objectives.

Despite the critical importance of a business plan, many entrepreneurs drag their feet when it comes to preparing a written document. They argue that their marketplace changes too fast for a business plan to be useful or that they just don't have enough time.

But just as a builder won't begin construction without a blueprint, eager business owners shouldn't rush into new ventures without a business plan.

There are four core questions to answer before you begin writing your business plan. What service or product does your business provide and what needs does it fill? Who are the potential customers for your product or service and why will they purchase it from you? How will you reach your potential customers? Where will you get the financial resources to start your business? Your plan should start with a cover sheet, a statement

of your business purpose and a table of contents. Then start with a section about your business idea: describe your business, tell how you plan to market it, review your competition, describe the operating procedures you plan to adhere to, discuss your plans for employees, and how you plan to hire and train them, and describe your approach to insuring the business. Next, you'll want to provide detailed financial data, including and loan applications you will file, a list of the equipment and supplies you will need and how much they will cost, a balance sheet showing your assets and liabilities, an analysis of what it will take for you to break even, and a projection of your business' income, including anticipated profits and losses.

Your financial data should also be organized in a three-year summary, with detailed projections of cash flow, costs and income, organized month-by-month for the first year and quarter-by-quarter for the second and third years. Be sure to include a discussion of the assumptions on which your projections are based.

You should also have an executive summary in which you summarize the plan, and be prepared to attach supporting documents and financial projections. The supporting documents should include resumes and tax returns of the principal owners for the previous three years, a copy of a franchise agreement if your business is a franchise, copies of proposed leases or purchase agreements for business space, copies of licenses and other legal documents, and copies of letters of intent from suppliers and known customers.

The Cleveland District Office holds monthly training for the general public to acquaint them with SBA programs and services:

Government contracting briefing—2nd floor of 1350 Euclid, Cleveland, on the 2nd Friday of the month between 10 a.m. and noon. No registration is necessary.

Loan program briefing—Briefings take place the 3rd Thursday of the month in our suite between 10 a.m. and noon. Registration is required. To reserve your seat, call (216) 522-4180.

Know the SCORE: Small Business Basics for Entrepreneurs

Aspiring small business owners If you're not afraid to ask for advice, the SBA can help you navigate through the seemingly uncharted waters of business start-up. SCORE "Counselors to America's Small Business" is the best source of free and confidential small business advice to help you build your business – from idea to start-up to success. The SCORE Association, headquartered in Washington, D.C., is a resource partner of the U.S. Small Business Administration. It is a nonprofit association dedicated to entrepreneurial education and the formation, growth and success of small businesses nationwide. SCORE's extensive, national network of 10,500 retired and working volunteers are experienced entrepreneurs and corporate managers/executives. These volunteers provide free business counseling and advice as a public service to all types of businesses, in all stages of development. SCORE matches volunteer business management counselors with clients in need of expert advice.

All SCORE counselors receive specialized training in counseling and mentoring. SCORE volunteers can help prospective and established small business owners and managers identify problems, determine the causes and find solutions. They are well-versed in developing effective business plans and creating strategies for business growth. In addition to one-on-one counseling, SCORE also offers low-cost workshops and seminars at the local chapter level. Topics are planned to help address specific interests in a given community. Any small business can obtain help from SCORE. The approach is confidential and personal. You don't need to be applying for or to have an SBA loan to participate in the program. In fact, an idea is all that is necessary for consultation and counseling.

SCORE offers counseling online with a Web site created and managed by volunteers. Visitors to the site choose from a list of counselors with expertise in the business areas that interest them and write a question to the counselor who is the best match for their business or industry, and get an answer by e-mail. Site users can keep the dialog going as long as they have unanswered questions. SCORE also offers a workbook entitled *How To Really Start your Own Business*, and a variety of other "how to" workbooks and planning guides, including information about how to get financing, how to choose a bank, how to start a home-based business and other topics. To get free and confidential business advice, and to find the nearest SCORE chapter, visit online at www.score.org, or call SCORE toll free at 1-800-634-0245. SCORE's online e-mail counseling gives entrepreneurs the opportunity to send their small business question by e-mail to a SCORE counselor anywhere in the country.

Northern Ohio SCORE Chapter Offices

Akron SCORE Chapter 81

Ohio Building, 2nd Floor, Suite 204
175 S. Main Street
Akron, Ohio 44308
(330) 379-3180
(877) 257-2673 toll free

Canton SCORE

Chapter 580
Kent State University/Stark
6000 Frank Avenue NW
North Canton, Ohio 44720
(330) 244-3280

Cleveland SCORE Chapter 30

Small Business Administration
1350 Euclid Ave, Suite 216
Cleveland, Ohio 44115
(216) 522-4194

Northwest Ohio SCORE Chapter 80

2200 Jefferson Ave., 1st Floor
Toledo, Ohio 43604
(419) 259-7598

Youngstown SCORE Chapter 112

Youngstown State University
Williamson College of Business
Administration Building,
Rm. 1161
Youngstown, Ohio 44555
(330) 941-2948

Northern Ohio SCORE Branches

Norwalk 419-668-4867, x 3446
Painesville 440-357-2290, x 231
Lorain 216-522-4194
Medina 330-379-3163

Big Advice for Your Small Business

If you are considering starting your own business or encounter problems with an existing business, the Small Business Development Center program can help you navigate the road to success by guiding you through the critical steps to business success. The SBDC program provides counseling and training to those who want to start a small business and to existing small business owners. The SBDC program is a cooperative effort of the private sector, the educational community and federal, state and local governments. It enhances economic development by providing small businesses with management and technical assistance.

Special programs and economic development activities include international trade assistance, technical assistance, procurement assistance, venture capital formation and rural development. Counselors help entrepreneurs with loan applications, business plans and common, everyday business management problems, such as establishing a bookkeeping system, hiring employees or planning for sales via the Internet.

The SBDCs make special efforts to reach minority members of socially and economically disadvantaged groups, veterans, women and the disabled. Assistance is also provided to small businesses applying for Small Business Innovation and Research grants from federal agencies.

Northern Ohio SBDCs

Ohio SBDC at A.G.B.A.

526 South Main Street
Suite 813
Akron, Ohio 44311
330-375-2111

Cuyahoga SBDC at the Hispanic Business Association

2511 Clark Avenue
Cleveland, Ohio 44109
216-281-4422

Ohio SBDC at Lorain County Chamber of Commerce

226 Middle Ave.,
5th Floor
Elyria, Ohio 44035
440-328-2324

Ohio SBDC at Kent State University Tuscarawas Campus

330 University Drive, NE
New Philadelphia, Ohio
44663
330-308-7479 x 279

Ohio SBDC at Kent State University Stark Campus

6000 Frank Avenue, NW
North Canton, Ohio 44720
330-244-3291

Cuyahoga County Ohio SBDC at Cleveland State University

Cleveland Heights City Hall
40 Severance Circle
Cleveland Heights, Ohio 44118
216-359-0220

Ohio SBDC at Terra Community College

2830 Napoleon Road
Fremont, Ohio 43420
419-559-2210

Ohio SBDC at Lake County Port Authority and Lakeland Community College

7700 Clocktower Drive
Kirtland, OH 44094
440-525-7444

Ohio SBDC at Youngstown State University

1 University Plaza-WCBA
Youngstown, Ohio 44555
330-941-2140

Cuyahoga SBDC at the Urban League of Greater Cleveland

2930 Prospect Avenue
Cleveland, Ohio 44115
216-622-0999 x 215

Ohio SBDC at Maumee Valley Planning Organization

1300 E. Second Street
Suite 201
Defiance, Ohio 43512
419-782-6270

Ohio SBDC at Kent Regional Business Alliance

211 East Summit Street
Kent, Ohio 44240
330-474-3595

Ohio SBDC at Toledo Chamber of Commerce

300 Madison Avenue
Suite 200
Toledo, Ohio 43604
419-243-8191

Financing Your Business – the Basics

While poor management is cited most frequently as the reason businesses fail, inadequate or ill-timed financing is a close second. Whether you're starting a business or expanding one, sufficient ready capital is essential.

Before inquiring about financing, ask yourself the following:

- 1) *Do you need more capital or can you manage existing cash flow more effectively? How do you define your need?*
- 2) *Do you need money to expand or as a cushion against risk?*
- 3) *How urgent is your need? You can obtain the best terms when you anticipate your needs rather than looking for money under pressure.*
- 4) *How great are your risks? All businesses carry risks, and the degree of risk will affect cost and available financing alternatives.*
- 5) *In what state of development is the business? Needs are most critical during transitional stages.*
- 6) *For what purposes will the capital be used? Any lender will require that capital be requested for very specific needs.*
- 7) *What is the state of your industry? Depressed, stable, or growth conditions require different approaches to money needs and sources. Businesses that prosper while others are in decline will often receive better funding terms.*
- 8) *Is your business seasonal or cyclical? Seasonal needs for financing generally are short term. Loans advanced for cyclical industries such as construction are designed to support a business through depressed periods.*
- 9) *How strong is your management team? Management is the most important element assessed by money sources.*
- 10) *Perhaps most importantly, how does your need for financing mesh with your business plan? If you don't have a business plan, write one. Lenders will want to see your plan for the start-up and growth of your business before they finance it.*

There are two general types of financing: equity and debt financing. The more money, or equity, you have invested in your business, the easier it is to attract financing. If your firm has a high ratio of equity to debt, you should probably seek debt financing.

However, if your company has a high proportion of debt to equity, you should increase your equity before you borrow additional money. There are many sources for debt financing: banks, savings and loans, commercial finance companies, and the SBA are the most common. Many state and local governments have small business lending programs. Family members, friends, and former associates are all potential sources, especially when capital requirements are smaller.

Traditionally, banks have been the major source of small business funding. Their principal role has been as a short-term lender offering demand loans, seasonal lines of credit, and single-purpose loans for machinery and equipment. Banks generally have been reluctant to offer long-term loans to small firms.

The SBA guaranteed lending program encourages banks and non-bank lenders to make long-term loans to small firms by reducing their risk and leveraging the funds they have available. Additional equity can be sought from non-professional investors such as friends, relatives, employees, customers, or industry colleagues, although venture capitalists are the most common source.

Most specialize in one or a few closely related industries. Most venture capitalists prefer three-to-five-year old companies that have the potential to become major regional or national businesses and return higher-than-average profits.

You may contact these investors directly, although they typically make their investments through referrals. The SBA licenses Small Business Investment Companies, which make venture capital investments in small businesses.

Finding Capital

Ask any entrepreneur, actual or potential, what their biggest holdup to launching or growing their business is, and the answer will come quick and sure: Money. There is little doubt, if any, that finding capital to finance your business venture is the most basic and important of all your business activities.

A Word About Grants

Please note that the U.S. Small Business Administration does not offer grants to start or expand small businesses, though it does offer a wide variety of loan programs.

While the SBA does offer some grant programs, these are generally designed to expand and enhance organizations that provide small business management, technical, or financial assistance.

These grants generally support non-profit organizations, intermediary lending institutions, and state and local governments.

It also can be the most frustrating one if you don't know where and how to look, but it need not be so. Finding capital can be a smooth, rewarding experience provided you study diligently and plan effectively. However obvious it may seem, the first thing you need to know before setting out in search of money is how much you need. Here, again, a thorough business plan will be critical in determining your financial needs. Once you have determined how much money you need, there are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

Personal savings: The primary source of capital for most new businesses comes from savings and other personal resources. While credit cards are often used to finance business needs, there are usually better and less expensive options available, even for very small loans.

Friends and relatives: Many entrepreneurs look to private sources such as friends and family when starting out in a business venture. Often, money is loaned interest-free or at a low interest rate, which can be beneficial when getting started.

Banks and credit unions: The most common sources of funding, banks and credit unions, will provide a loan if you can show that your business proposal is sound, which is shown by your business plan.

Angel Investors and Venture capital firms: These individuals and firms help expanding companies grow in exchange for equity or partial ownership.

Borrowing money from a bank or other financial institution to start a business – and even for established small businesses – is usually seen as difficult. Inexperienced or ill-prepared borrowers do not make matters any easier by submitting incomplete or poorly filled loan applications, or by showing up without a business plan, prompting lenders to assume that you may be a high risk.

To improve your chances of obtaining a loan, you must be prepared and organized. Approval of your loan request depends on how well you present yourself, your business, and your financial needs to a lender. Remember, lenders want to make loans, but they must make loans they know will be repaid.

The best way to improve your chances of obtaining a loan is to prepare a written proposal. In addition to general information – business name, names of principals, Social Security number for each principal, business address, purpose of the loan, amount required- a well-written loan proposal should contain, again, the main elements of your business plan: Business Description, Management Profile, Market Information, and Financial Information. And if at first you are turned down by a lender, ask him or her about an SBA 7(a) loan guaranty. For more information on how the SBA can help you find the money you need, visit its Web site at www.sba.gov.

Financing Your Business with the SBA's Help

How do you go about financing your enterprise? The U.S. Small Business Administration recommends developing a proposal, including a business plan, and paying a visit to a commercial lender with whom you've done business in the past, a place where you are a known quantity. If that lender will make a loan to finance your proposal, then you don't need the SBA. But if that lender declines, or tells you that it can make the loan only if you can line up a guarantor, then the SBA's 7(a) loan program may be the answer for you.

The 7(a) program is the most basic type of loan the SBA offers to small businesses. In fact, to be precise, it is not a loan per se, but a guaranty that the SBA provides participant lenders, thus making it easier for them to make small business loans they otherwise wouldn't touch. Under the concept, businesses apply to a commercial lender for a loan. The lender, using its own criteria, decides whether to make the loan on its own or whether the application has some weaknesses which would call for an SBA guaranty.

Most often, the weakness is a problem with insufficient collateral, or the inability to afford repayments for the shorter term loans that lenders prefer. If the lender decides that it would rather not take the risk alone, it turns to an SBA 7(a) loan guaranty. The SBA's guaranty assures the lender that if the borrower does not repay the loan, the federal government will reimburse the lender, up to the percentage guaranteed by the SBA.

Applicants must have sufficient cash flow to meet all monthly obligations, plus a monthly loan payment. Remember, the SBA guarantees the loan, but the borrowers are obligated for the full amount due. Also, you have to be of good character and be able to provide a reasonable collateral or owner participation. Most small businesses don't need a whole lot of money to start or to expand, but they do need good repayment conditions, namely, longer terms and low interest rates. The 7(a) loan program provides both.

7(a) Eligibility Highlights

- *All businesses that are considered for financing under SBA's 7(a) loan program must: meet SBA size standards, be for-profit, not already have the internal resources (business or personal) to provide the financing, and be able to demonstrate repayment.*
- *Repayment ability from the cash flow of the business is a primary consideration in the SBA loan decision process but good character, management capability, collateral, and owner's equity contribution are also important considerations.*
- *All owners of 20 percent or more are required to personally guarantee SBA loans.*

The 7(a) loan program has a maximum loan amount of \$5 million with a guaranty of 75 percent. The lower the amount you need, the higher the guaranty can go, up to 85 percent on loans of \$150,000 or less. The SBA encourages longer terms, but actual loan maturities are based on the purpose of the loan and the useful life of the assets financed. In general, though, 7(a) loan maturities can go from seven years for working capital, to a maximum of 25 years for land and buildings, or debt refinancing.

Finally, interest rates are negotiated between the borrower and the lender. However, since interest rates can be an important factor in the repayment ability of borrowers, the SBA has established limits that vary according to the size and maturity of the loan. For more detailed information about SBA programs and services visit the SBA Web site at www.sba.gov.

SBA Cleveland District Office

QUICK REFERENCE TO SBA LOAN GUARANTY PROGRAMS

Program	Maximum Loan Amount	Percent of Guaranty	Use of Proceeds	Maturity	Maximum Interest Rates	Guaranty Fees	Who Qualifies	Benefits to Borrowers
7(a) Loans	\$5 million gross	85% guaranty for loans of \$150,000 or less; 75% guaranty for loans greater than \$150,000 (up to \$3.75 million maximum guaranty)	Term Loan. Expansion/renovation; new construction, purchase land or buildings; purchase equipment, fixtures, lease-hold improvements; working capital; refinancing debt for compelling reasons; inventory	Depends on ability to repay. Generally, working capital & machinery & equipment (not to exceed life of equipment) is 5-10 years; real estate is up to 25 years.	Loans less than 7 years: max. prime + 2.25%; 7 yrs. or more: prime + 2.75%; under \$50,000, rates can be higher by 2% for loans of \$25,000 or less; and 1% for loans between \$25,000 and \$50,000. Prepayment penalty for loans with maturities of 15 years or more if prepaid during first 3 years. (5% year 1, 3% year 2 and 1% year 3)	(Fee charged on guaranteed portion of loan only) Maturity: 1 year or less 0.25% guaranty fee; over 1 year: \$150,000 gross amount or less = 2%; 150,001—\$700,000 = 3.0%; over \$700,000 = 3.5%; 3.75% on guaranty portion over \$1 million. Ongoing fee of 0.55%.	Must be a for-profit business & meet SBA size standards; show good character, credit, management, and ability to repay. Must be an eligible type of business.	Long-term financing; improved cash flow; Fixed maturity; No balloons; No prepayment penalty (under 15 years)
SBAExpress	\$350,000 Up to \$1 million temporarily until 09/26/2011	50%	May be used for revolving lines of credit (up to 7 year maturity) or for a term loan (same as 7(a)).	Up to 7 years for Revolving Lines of Credit including term out period. Otherwise, same as 7(a).	Loans \$50,000 or less: prime + 6.5%; Loans over \$50,000: prime + 4.5%	Same as 7(a)	Same as 7(a)	Fast turnaround; Streamlined process; Easy-to-use line of credit
Patriot Express	\$500,000	Same as 7(a)	Same as SBAExpress	Same as SBAExpress	Same as 7(a)	Same as 7(a)	Small business must be owned and controlled by one or more of the following groups: veteran, active-duty military, reservist or National Guard member or a spouse of any of these groups, or a widowed spouse of a service member or veteran who died during service, or of a service-connected disability.	Higher maximum amount and lower maximum interest rate than SBAExpress; Fast turnaround-Streamlined process; Easy-to-use line of credit
Export Working Capital Program	\$5 million	90% guaranty (up to \$4.5 million maximum guaranty)	Short-term, working-capital loans for exporters. May be used for revolving line of credit or for a term loan.	Matched single transaction cycle or generally 1 year for line of credit. (up to 3 years maximum)	No SBA maximum interest rate cap, but SBA monitors for reasonableness	Same as 7(a)	Same as 7(a), plus need short-term working capital for exporting.	Allows specific financing for exporting without disrupting domestic financing and business plan
Export Express	\$500,000	90% guaranty for loans of \$350,000 or less; 75% guaranty for loans greater than \$350,000	Same as SBAExpress	Same as SBAExpress	Same as 7(a)	Same as 7(a)	Applicant must demonstrate that loan will enable them to enter a new, or expand in an existing export market. Business must have been in operation for at least 12 months (though not necessarily in exporting).	Fast turnaround; Streamlined process; Easy-to-use line of credit
504 Loans Provided through Certified Development Companies (CDCs) which are licensed by SBA	504 CDC maximum amount ranges from \$5 million to \$5.5 million, depending on type of business.	Project costs financed as follows: CDC: up to 40% Non-guaranteed financing; Lender: 50% Equity, 10% plus additional 5% if new business and/or 5% if special use property.	Long-term, fixed-asset loans; Lender (non-guaranteed) financing secured by first lien on project assets. CDC loan provided from SBA 100% guaranteed debenture sold to investors at fixed rate secured by 2nd lien. Owner Occupied.	CDC Loan: 10- or 20-year term fixed interest rate. Lender Loan: (unguaranteed) financing may have a shorter term. May be fixed or adjustable interest rate	Fixed rate on 504 Loan established when debenture backing loan is sold. Declining prepayment penalty for 1/2 of term.	.5% fee on lender share, plus CDC may charge up to 1.5% on their share. CDC charges a monthly servicing fee of 625-1.5% on unpaid balance. Ongoing guaranty fee (FY 2011) is 0.749% of principal outstanding. Ongoing fee % does not change during term.	Alternative Size Standard: For-profit businesses that do not exceed \$15 million in tangible net worth, and do not have average net income over \$5 million. No balloons	Low down payment - equity (10%-20%) (The equity contribution may be borrowed) Fees can be financed; SBA Portion: Long-term fixed rate Full amortization
Non-7(a) Loans Microloans Loans through nonprofit lending organizations; technical assistance also provided.	\$50,000	Not applicable	Purchase machinery & equipment, fixtures, leasehold improvements; finance increased receivables; working capital. Cannot be used to repay existing debt.	Shortest term possible, not to exceed 6 years	Negotiable with intermediary. Subject to either 7.75 or 8.5% above intermediary cost of funds.	No guaranty fee	Same as 7(a)	Direct loans from nonprofit intermediary lenders; Fixed-rate financing; Very small loan amounts; Technical assistance available

Financing the 504 Way

The SBA 504 loan program, also called the Certified Development Company/504 Program, is a long-term financing tool for economic development within a community. It provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land, buildings and machinery and equipment. CDCs are nonprofit corporations set up to contribute to the economic development of their communities. They work with the SBA and private-sector lenders to provide financing to small businesses. Most companies that qualify as small businesses can qualify for a CDC/504 loan. Companies must meet specific size standards: it must not have a tangible net worth of more than \$15 million, and not have an average net income of more than \$5 million after taxes for the two preceding years. The maximum SBA portion is \$5,000,000 for meeting the job creation criteria or a community development goal. Generally, a business must create or retain one job for every \$65,000 provided by the SBA. The public policy goals are as follows:

- Business district revitalization
- Expansion of exports
- Expansion of minority business development
- Rural development
- Enhanced economic competition
- Restructuring because of federally mandated standards or policies
- Changes necessitated by federal budget cutbacks
- Expansion of small business concerns owned and controlled by veterans
- Expansion of small business concerns

Provisions signed into law in December 2004 created a new category of 504 loans to “small manufacturers”, with a maximum SBA guarantee of \$5.5 million. The criteria to qualify for these loans include: creation or retention of at

least one job per \$100,000 guaranteed by the SBA, and that all production facilities be located in the United States. Growing your business may, and usually does, involve spending in several different areas. Funds under the 504 program, however, can only be used for fixed asset projects such as: purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping; construction of new facilities, or modernizing, renovating or converting existing facilities; or purchasing long-term machinery and equipment. The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing. Interest rates on 504 loans are pegged to an increment above the current market rate for five-year and 10-year U.S. Treasury issues. Maturities of 10 and 20 years are available. Fees total approximately 3 percent of the debenture and may be financed with the loan. For more information about SBA programs and services, visit www.sba.gov.

Cascade Capital Corporation	One Cascade Plaza	Akron, OH 44308	330-379-3160
Community Capital Development Corp.	900 Michigan Avenue	Columbus, OH 43215	888-756-2232
Growth Capital Corp.	1360 East Ninth Street	Cleveland, OH 44114	216-592-2343
Horizon Certified Development Co., Inc.	1776 Mentor Avenue	Cincinnati, OH 45212	513-631-8292
Lake County Small Business Assistance Corporation	One Victoria Place, Suite 265 A	Painesville, OH 44077	440-357-2290
Mahoning Valley Economic Development Corporation	4319 Belmont Avenue	Youngstown, OH 44505	330-759-3668
Mentor Economic Assistance Corp.	8500 Civic Center Blvd.	Mentor, OH 44060	440-255-1100
Northwest Ohio Development Assistance Corporation	One Maritime Plaza	Toledo, OH 43604	419-243-8251
Ohio Statewide Development Corp.	1600 Watermark Dr.	Columbus, OH 43215	614-481-3214
Stark Development Board Finance Corp.	116 Cleveland Ave. NW, Suite 600	Canton, OH 44702	330-453-5900
West Central Partnership, Inc.	545 West Market Street, Suite 305	Lima, OH 45801	419-229-5320
SEM Resource Capital	17177 N. Laurel Park Dr.	Livonia, MI 48152	732-464-4418

For Many Vets It's About Coming Home and Starting a Business

Whatever the war or conflict Americans have always believed that America's military veterans should be returning home to jobs and opportunity.

Since 1953, the U.S. Small Business Administration has been providing entrepreneurial assistance to veterans and service-disabled veterans who return home to start, resume, or further grow their businesses.

Veterans who need financial assistance and business counseling can get them, and both are increasingly available. Each year since 2001, the number of loan guarantees for veterans in the SBA's loan programs has expanded – from 5,105 loans worth \$1.36 billion in FY 2001 to 8,503 amounting to \$1.64 billion in FY 2004.

The SBA offers a targeted loan program to help keep businesses operating during the critical

months when their key employees or owners are called to active duty. The SBA's Military Reserve Economic Injury Disaster Loan program has more than doubled its low-interest loans in this program from \$3.5 million in FY 2002 to \$7 million in FY 2004. Helping to keep these businesses whole and afloat also helps to save jobs in their local communities. SBA's Veterans Business Outreach Centers, located in key regions throughout the country, have provided counseling services and training to more than 60,000 veteran entrepreneurs over the past four years, and more and more vets are seeking these services.



Microenterprise Program

The WECO MicroEnterprise Program provides an opportunity for low to moderate-income entrepreneurs to secure business financing and technical business support in Cuyahoga County.

The program's target market includes "pre-bankable" – that is, people whom the banks will not consider loaning money to, yet have the necessary ambition, skills and work ethic to develop a successful business that within a few years may employ other individuals. WECO supports this effort to assist small business owners with a variety of workshops. Contact WECO at: 3209 Chester Avenue Cleveland, Ohio 44114 (216) 458-0250

Programs and Services for Women-Owned Businesses

America's 9.1 million women-owned businesses employ 27.5 million people and contribute \$3.6 trillion to the economy – yet women continue to face unique obstacles in the world of business. The U.S. Small Business Administration is working to level the playing field for women entrepreneurs, and the SBA's Office of Women's Business Ownership is a prime resource to help lead the way.

Women entrepreneurs are opening businesses at nearly three times the rate of all businesses, and revenues are increasing faster. SBA has been steadily expanding its outreach to women owned businesses. Nationally, SBA-backed lending to women was up 24 percent in 2004 and more women than ever are taking advantage of the excellent counseling and training opportunities available through SBA or one of our partner organizations, the Small Business Development Center, SCORE and SBA-backed Women's Business Centers.

The SBA's Office of Women's Business Ownership, or OWBO, promotes the growth of women-owned businesses through programs that address business training and technical assistance, and provide access to credit and capital, federal contracts, and international trade opportunities. OWBO is available online at <http://www.sba.gov/aboutsba/sbaprograms/onlinewbc/index.html>. The office provides information and support on issues that are specific to women-owned firms and helps find local sources for training, technical assistance, and financing.

SBA offers women a nationwide network of mentoring roundtables, Women's Business Centers in nearly every state and territory, women-owned venture capital companies, and the Online Women's Business Center. Each SBA district office has a designated specialist on women's business ownership with expertise in the full range of SBA programs and connections to outside resources available to women business owners.

The Women's Business Center program, launched in 1988, is one of the basic units of assistance to women across the country. The community-based centers are in nearly every state, the District of Columbia, Puerto Rico and American Samoa, and serve a wide variety of geographic areas, population densities, and economic environments including urban, suburban and rural. Centers offer a variety of innovative programs, including Internet training and courses in different languages.

WBCs vary in funding and staffing size. Rather than a cookie-cutter type government program, each Women's Business Center tailors its services to the needs of its individual area. Each provides training in finance, management, marketing, procurement, and the Internet, as well as offering the SBA's financial and procurement assistance programs.

Visit the SBA Web site at http://www.sba.gov/idc/groups/public/documents/sba_program_office/sba_pr_wbc_ed.pdf to identify the Women's Business Center nearest you.

Local Women's Resource: Serving Cuyahoga County

*Women's Business Center
Alex Community
Development Corporation*

12200 Fairhill Road, Suite B-407
Cleveland, Ohio 44120
216-707-0777 info@alexcdc.com

Alex Community Development Corporation was established to encourage economic development within the areas of Small Business Development, Workforce Development, Financial Literacy Education and to promote social service programs that encourage Healthy Living.

A Small Business Guide to Getting a Piece of the Federal Contracting Pie

The first step to becoming a federal contractor is to register your firm in the Central Contractor Registration (CCR) database. CCR is an online business portal that helps small businesses market their goods and services to the federal government and prime contractors. Federal agencies and prime contractors also look in the database to find small businesses contractors. You can register your firm's profile in the CCR database at www.ccr.gov.

The CCR database also houses the SBA's Dynamic Small Business Search function, an interactive database that permits small firms registered in CCR to post their profiles and capabilities for prospective buyers such as federal procurement officers or purchasing agents of prime contractors. Registration is free and voluntary, but any small businesses interested in doing business with the government must register in the CCR database.

If you need in-depth counseling on seeking federal or state government contracts, you can turn to Procurement and Technical Assistance Centers (PTACs), located throughout the country. These organizations help small businesses register with CCR, obtain a Commercial and Government Entity Code and a Duns Number, which is necessary to do business with the government. PTACs also can match a firm's capability with procurement opportunities and help obtain military and federal specifications and drawings.

A listing of PTAC organizations is located at www.development.ohio.gov/minority/ptacpartners.htm. Free PTAC services are available at these centers:

The SBA has a secret weapon of its own: Procurement Center Representatives (PCRs). PCRs are procurement professionals who help small businesses identify contracting opportunities. A listing of PCRs can be found at www.sba.gov/content/government-contracting-field-staff-directory#AREA%20IV

Northeast Ohio PTAC	440-525-7733
Ohio PTAC at Kent	330-672-9448
Ohio PTAC at Toledo	419-530-3809
Ohio PTAC at Youngstown	330-759-3668

Subcontracting is also an option for small businesses. Large prime contractors have Small Business Liaison Officers listed in the Subcontracting Opportunities Directory for companies wishing to sell to them. This directory can be found at www.sba.gov. This Web site also has a listing for SBA's Commercial Market Representatives (CMRs) who assist small businesses with marketing to federal prime contractors. Small businesses also can search the SBA's SUB-Net Program for subcontracting opportunities at <http://web.sba.gov/content/sub-net>. Other federal procurement opportunities can be accessed on the Internet at www.fedbizopps.gov/.

The General Services Administration has also created the Acquisition Central Web site to provide a central and streamlined on-line community where small businesses can get access to resources, including the federal regulations, training opportunities and systems such as the CCR database, the Electronic Subcontracting Reporting System (eSRS) and the Federal Procurement Data System-Next Generation (FPDS-NG). The Web site can be accessed at www.acquisition.gov.

Another option is the Business Matchmaking Program. Business Matchmaking allows small businesses to have personal appointments with senior level government and corporate procurement officials to discuss potential contracting opportunities. Small businesses register for appointments through an online Matchmaking portal, which pairs "sellers" with government or corporate executives or "buyers." Since 2002, the SBA has held numerous Business Matchmaking events around the country and scheduled more than 45,000 appointments. To find a matchmaking event go to .businessmatchmaking.com. There is no cost to the small business or the buyers.

SBA's 8(a) Program Promotes Equal Opportunity for Small Businesses

Small business owners who feel that discriminatory practices have not allowed them to successfully grow their business and have prevented them from gaining access to contracting opportunities in the federal contracting marketplace don't have to look any further than the U.S. Small Business Administration's 8(a) business development program. Program participants must be owned by people who meet the SBA definition of socially and economically disadvantaged individuals – those who have been subjected to racial prejudice or cultural bias. Because of this discrimination, these entrepreneurs have less access to capital and credit, which diminishes their ability to compete in the federal contracting marketplace.

The 8(a) program helps these firms develop their business and provides them with access to government contracting opportunities, allowing them to become solid competitors in the federal marketplace. Members of minority groups, which include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans and Subcontinent Asian Americans, are among those presumed to be socially and economically disadvantaged. Others, who may not be members of one or more of those groups, can be considered for the 8(a) program if they are able to provide substantial evidence and documentation that they have been subjected to chronic racial prejudice, cultural bias or similar circumstances beyond their control. Participation in the 8(a) program is based on a nine-year term, beginning the date of the firm's acceptance into the program. The program term consists of a four-year developmental stage and a five-year transitional stage. After nine years in the 8(a) program, the firm is eligible for graduation. The SBA may also terminate a firm's participation for non-compliance of program requirements and regulations. The small business also may withdraw at any time.

The 8(a) program's business development assistance includes specialized business training, counseling, marketing assistance and high-level executive development provided by the SBA and its resource partners. Also, the SBA assigns business opportunity specialists to 8(a) participants to help them receive training and gain access to opportunities in the areas of procurement, marketing, finance, management and surety bonding. Although the SBA's business opportunity specialists work hard to provide 8(a) program participants access to federal contracting opportunities by maintaining close contact with federal agencies, the SBA emphatically encourages 8(a) participants to self-market their firms. The SBA cannot guarantee any specific amount of government contracts for any 8(a) firm. However, the SBA does maintain data on government requirement trends to anticipate the nature and volume of business opportunities.

To become eligible for the program, a small business must fit the definition of socially and economically disadvantaged, must fall within the SBA's size standard as a small business, must be 51 percent owned by a person or persons who are classified as socially and economically disadvantaged. The owner or owners must also be engaged full-time in the daily operation and management of the business. The SBA presently has more than 7,000 8(a) certified firms ranging from janitorial services and engineering services to information technology. In fiscal year 2005, 8(a) firms received \$10.5 billion in contract dollars. Small businesses interested in the 8(a) program should contact their local district office to attend an informational session on the program. An online 8(a) application is at www.sba.gov/content/8a-business-development-0. Visit the same Web site for more information about the 8(a) program.

The SBA offers...

a wide array of programs and "hands-on" assistance to small business considering the federal marketplace: – go to:

www.sba.gov/content/federal-business-opportunities

The U.S. government is the world's largest buyer of goods and services – Military and civilian purchases total around \$500 billion a year.

HUBZone Program Opens Doors for Contracting in Low-Income Communities

Small businesses located in low income areas can receive an economic boost from the U.S. Small Business Administration's HUBZone contracting program. The HUBZone program provides contracting assistance to small businesses located in economically distressed communities, referred to as historically underutilized business zones or HUBZones, to promote job growth, capital investment and economic development in these areas, including Indian reservations. For a small business to be HUBZone-certified, its principal office must be located in a HUBZone and at least 35 percent of its employees must reside in one of these specially designated areas, based on census tracts defined by the U.S. Department of Housing & Urban Development. Also, the company must be owned and controlled by U.S. citizens, a community development company or an Indian tribe. As long as the small business continues to meet the eligibility requirements for the HUBZone program, it can enjoy uninterrupted participation in the HUBZone program.

The program's benefits for HUBZone-certified companies include competitive and sole source contracting and subcontracting opportunities and a 10 percent price evaluation preference from government agencies that purchase goods and services from HUBZone firms. The federal government has set a goal of delivering 3 percent of all federal prime contracts. The program uses modern technology and the Internet to provide service to small businesses and has been extremely successful because of its availability online. Small businesses can research their location via the Internet to determine if they are located in a HUBZone census tract. If they are, they can apply for HUBZone certification online using the Web-based application and usually receive a determination within 30 days. The online application features a streamlined presentation with pop-up menus directing applicants to an online guide to the federal regulations. The system also allows applicants to check the status of an application at any time during the review process. There are HUBZone in all 50 states, as well as the District of Columbia, Puerto Rico and the Virgin Islands. Small businesses interested in learning more about the HUBZone program and applying for the program can visit the Web site at www.sba.gov/content/applying-hubzone-program. The online application can also be accessed from this site.

SBA Surety Bond Guarantee Program Can Open New Opportunities for Small Businesses

Because of the protection surety bonds provide, the Miller Act of 1935 requires surety bonds on federally-funded construction projects in excess of \$100,000. Today, virtually all states have their own statutes and now almost every public construction project across the country requires surety bonds. With the SBA's Surety Bond Guarantee Program the SBA guarantees surety companies against a percentage of the losses sustained as a result of a contractor's default on a guaranteed bid, payment or performance bond, making them more willing to issue bonds for smaller, newer companies. The overall SBA program consists of the Prior Approval Program and the Preferred Surety Bond Program. Under the Prior Approval Program, the SBA provides sureties an 80 or 90 percent guarantee to issue bonds on behalf of small businesses, and the surety must obtain SBA's prior approval for each bond. SBA guarantees 90 percent for bonds on contracts up to \$100,000, and on bonds for socially and economically disadvantaged contractors. Certified HUBZone contractors are eligible for the 90 percent guarantee under the Prior Approval Program. Under the Preferred Surety Bond Program, selected sureties receive a 70 percent bond guarantee and are authorized to issue, service and monitor bonds without the SBA's prior approval. The SBA charges fees to both the contractor and the surety company. The SBA does not charge the contractor a fee for a bid-bond guarantee. For information on the program, go online to www.sba.gov/osg for a list of contacts near your business or call 1-800-U ASK SBA.

RESOURCES

FEDERAL GOVERNMENT

U. S. Small Business Administration Cleveland District Office	1350 Euclid Avenue Suite 211 Cleveland, OH 44115	216-522-4180 www.sba.gov/oh
U.S. Federal Information Center	www.usa.gov	800-688-9889
U.S. Copyright Office	www.copyright.gov	202-707-3000
U.S. Department of Labor	www.dol.gov	866-487-2365
U.S. Environmental Protection Agency	www.epa.gov	800-621-8431
U.S. Equal Employment Opportunity Commission	www.eeoc.gov	800-669-4000
U.S. Internal Revenue Service	www.irs.gov	800-829-1040
U.S. Occupational Safety & Health Administration (OSHA)	www.osha.gov	216-615-4266
U.S. Patent and Trademark Office	www.uspto.gov	800-786-9199
Federal Relay Service		800-877-8339
U.S. Securities & Exchange Commission	www.sec.gov	312-353-7390

STATE OF OHIO

1 st Stop Business Connection	www.business.ohio.gov	800-248-4040
Incorporating a Business/ Registering a Business Name	www.sos.state.oh.us	877-767-3453
Workers Compensation	www.bwc.state.oh.us	800-644-6292
Ohio Department of Transportation (Traffic counts for state and federal roads.)	www.dot.state.oh.us	216-584-2100
Ohio Procurement Technical Assistance Center (PTAC)	www.development.ohio.gov/ minority/ptacpartners.htm	Northeast Ohio PTAC 440-357-2294
Ohio Relay Service		800-750-0750
Ohio Secretary of State: Cleveland Regional Office	www.sos.state.oh.us	216-787-5900

REGIONAL GOVERNMENT

Northeast Ohio Area Wide Coordinating Agency (NOACA)	www.noaca.org	216-241-2414
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COUNTY GOVERNMENT

General Information	www.cuyahogacounty.us	216-443-7000
Cuyahoga County Engineer	www.cuyctyengineers.org	216-592-2222

OTHER

Better Business Bureau	www.bbb.org	216-241-7678
Cleveland Public Library	www.cpl.org	216-623-2800
COSE (Council of Smaller Enterprises)	www.cose.org	216-592-2222
Greater Cleveland Partnership	www.gcpartnership.com	216-621-3300



U.S. Small Business Administration
Cleveland District Office
1350 Euclid Avenue, Suite 211
Cleveland, Ohio 44115-1815

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