

Workforce & Business Development

A division of the Community Action Committee of Pike County

ADULT & YOUTH PROGRAMS

Training, Support, and Guidance with building your future employment needs and goals including classroom training, work experience, and on-the-job training. Must be eligible to enroll.

BUSINESS DEVELOPMENT SERVICES

Assistance, Guidance, and Support with your Business needs including one-on-one assistance and classroom training, as well as the Small Business Loan Program.

OHIOMEANSJOBS PIKE COUNTY

Universal job searching and recruiting assistance and support for businesses and individuals.



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MEANS
Jobs[®]

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Helping you find your next job
IS OUR JOB

Call or visit us at
941 Market Street in Piketon

740-289-2371 or 1-866-820-1185



ACCESS TO CAPITAL

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FINANCING YOUR SMALL BUSINESS

Traditional methods:

- **Savings**
- **Owner's contributions of equipment and inventory**
- **Borrow money from family and friends**
- **Borrow money from a lender**

THE “FREE MONEY” MYTH

Myth

The government gives away “free money” to fund the start-up of small, for-profit businesses

Reality

- Most grants are awarded to nonprofit organizations
- Grants to for-profit businesses are for specific purposes, such as developing a new technology
- Most small businesses do not qualify for grant money

SBA LENDING PROGRAMS

- The Small Business Administration does **not** make small business loans.
- They do act as a **guarantor** of bank loans.
- They will guarantee to repay the loan to the bank if the small business owner fails to repay it.
- This allows banks to make loans they otherwise would not agree to make.
- The small business owner will likely be asked to personally guarantee (be responsible to repay) the loan as well.

THE LANGUAGE OF FINANCE

- **Capital:** Money, equipment or other major contribution to start a business.
- **Equity (net worth):** What remains when everything a company owes is subtracted from everything it owns.
- **Collateral:** Something of value the borrower owns and pledges if he or she fails to repay the loan.

LENDERS: THE RISKY START-UP

The business owner...

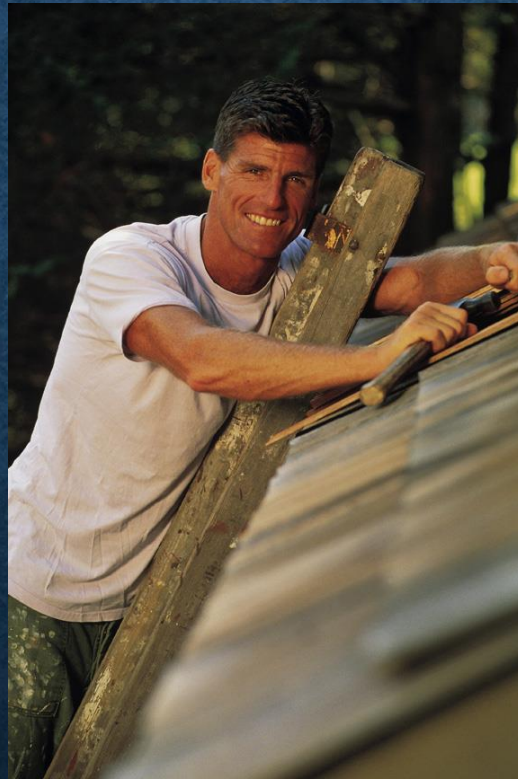
- **Stands to benefit the most from success of the business**
- **Has the most control over the business**
- **Therefore, is expected to assume most (if not all) of the risk**

LENDERS: THE EXISTING BUSINESS

The lender is looking at the...

- Financial strength of the business
- Lender's relationship with business owner
- Owner's ability to manage business well
- Plan showing how money will strengthen the business
- Business's ability to repay the loan
- Secondary method of repayment (collateral)

GETTING A LOAN



DEFINE COSTS

Itemize Your Loan Request.

- **What Are Your Essential Needs for the Loan?**
 - Capital Purchases
 - Renovations
 - Equipment, Furniture, Fixtures
 - Inventory
 - Signage
 - Working Capital Needs
- **If including equipment determine...**
 - New or used?
 - Lease or buy?
 - Paid in full or on payment plan?
 - Service agreement?
 - Accessories required (e.g., printer cartridges, blank CDs, etc.)?
 - Shipping/freight?

DEVELOP A FINANCIAL PLAN

Your plan must...

- Show loan proceeds coming into your business
- Show the purchase of essential items
- Include repayment of the loan
- Be based on reasonable sales and expense projections
- Take into consideration seasonal fluctuations
- Lenders like to see a 3 year cash flow projection

FIVE C'S OF LENDING

- **Character:** Owner's personal integrity, usually measured through personal credit report
- **Capacity:** Company's financial strength and ability to repay its debt
- **Capital:** How much debt the company has compared to its equity
- **Collateral:** Secondary source of repayment (secured equipment, etc)
- **Conditions:** What the economy and the industry look like

LOAN REQUESTS: THE FOUR P'S

- **Preparation:** Be thorough when preparing your business plan
- **Presentation:** Practice your request; be able to sell yourself and your business
- **Positive attitude:** Project confidence; believe in your ability to succeed
- **Persistence:** Don't be discouraged if turned down; ask lenders what you need to do to be approved and, if possible, adjust your request

LOANS AND PERSONAL CREDIT

- If you apply for a business loan, your personal credit history will be examined.
- Your personal credit score will affect your ability to borrow money.
- Typically, the lower your credit score, the higher the interest rate on your loan.
- A very poor credit history may cause a lender to deny your request.
- Lenders will deny your request if you have a federal tax lien on your credit report.

REBUILDING BAD CREDIT

- Obtain copies of your credit report annually.
- Immediately dispute errors on your report.
- Seek consumer credit counseling from a reputable agency.
- Obtain a secured credit card; use it frequently and make timely payments.
- Pay off delinquent accounts as soon as possible.
- Start paying bills on time.
- Avoid credit repair scams.

EMERGENCY GRANT/LOAN PROGRAMS

**GO TO BRAD BAPST
PRESENTATION**

CAC OF PIKE COUNTY'S MICROENTERPRISE/SMALL BUSINESS LENDING PROGRAM

- Is a comprehensive model that offers a means to achieve economic self-sufficiency through a combination of personal and business development and loans.
- This model is aimed at those excluded from the economic mainstream.
- Emphasis is on building long-term relationships with clients by working toward development of the whole person, through business training and personal progress—and is known collectively as technical assistance.

LOAN PORTFOLIO STATS AS OF SEPTEMBER 30, 2020

- ▣ **Loan Portfolio Balance:
\$905,234**
- ▣ **Active Loans: 19**
- ▣ **Available to Lend: \$1,653,350**

CAC OF PIKE COUNTY'S MICROENTERPRISE/SMALL BUSINESS LENDING PROGRAM

- **Eligible Uses:**

- Machinery, equipment, inventory, insurance, advertising, promotional materials, furniture and fixtures, supplies, leasehold improvements, utilities and working capital, commercial real estate, and building renovations.
Refinancing is permissible.

- **Ineligible Uses:**

- Prototypes, Investment institutions, land speculations, gambling, and illegal activities.

CAC OF PIKE COUNTY'S MICROENTERPRISE/SMALL BUSINESS LENDING PROGRAM

- **Terms:**
 - 20 years—Commercial Real Estate
 - 10 years— Fixed Asset/Working Capital
 - 5 years—Working Capital only
- **Interest Rates:**
 - Fixed
 - 7% - 10%, based on the risk of the business and borrower and vary depending on the loan type, loan amount, collateral value, and credit score.

CAC OF PIKE COUNTY'S MICROENTERPRISE/SMALL BUSINESS LENDING PROGRAM

- All loans must be 100% collateralized
 - Valuation process used
- Loan Application Fees and Closing Costs Apply
- Individuals who owe delinquent taxes, delinquent on child support, or is on probation or parole are negated to apply for a loan until matters have been rectified and proof presented.

CAC OF PIKE COUNTY'S MICROENTERPRISE/SMALL BUSINESS LENDING PROGRAM REQUIREMENTS

- Must submit a written business plan.
- Must submit personal, as well as business financial information.
 - Start-up businesses:
 - Three years of cash flow projections as well as three years of personal tax returns
 - Existing businesses:
 - Three years of financial historical information, as well as three years of personal tax returns, and three years of cash flow projections
- Applicants must provide credit report

CONTACT US

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