

# SBA



---

U.S. Small Business Administration  
Tim Jeffcoat, District Director  
Houston District Office

# **AGENDA**

**Who Are We  
and  
What Do We Do  
and  
How Do We Do It  
and  
Who Does It  
and  
Why You Should Care**

---



**Warning!**

**Warning!**

**Warning!**

---

There will be  
**a test**  
at the conclusion  
of the presentation

*Be Prepared!*

# Why Care?

# Why Do We Care About You?

---

**98.6% of TX Business is Small**

*Per SBA Office of Advocacy*

**99.5% of Houston MSA Business is Small**

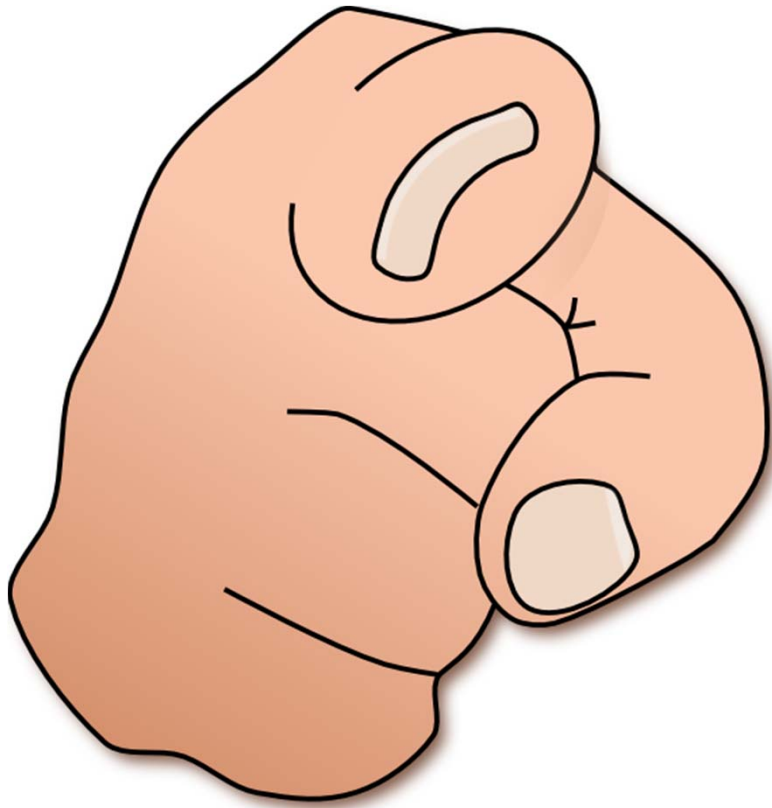
*Per US Census Bureau*

# Empl	# Biz
1-5	503182
5-9	16020
10-19	10530
20-99	9351
100-499	2962
500+	2944
Total	544989

# Just What is a Small Business?

---

- ▶ According to the SBA:
  - ▶ Can be a manufacturing or processing firm with **1,500 employees**
    - ▶ Examples: *refinery, aircraft, oil transportation, airline, delivery service*
  - ▶ Can be a service firm up to **\$38.5M**
    - ▶ Examples: *oil/gas support, software, radio/TV, car rental, trash collection*



You either own, work in or know a  
Small Business

That makes you very important to us!

**We Want To Help**

# Who Are We?



# What is the First Thing an SBA Employee Thinks Of When We Awake?

---





How can we help  
Americans  
**START**  
or  
**GROW**  
Small Businesses

# Where Did We Come From?

---



Hatch from Egg?



Crawl from Under Rock?

## We Came About From:

---

- ▶ Reconstruction Finance Corporation (1932)
  - ▶ Alleviate crisis of **Great Depression**
- ▶ Smaller War Plants Corporation (1942)
  - ▶ Financial viability of smaller manufacturers to support war effort
- ▶ Small Defense Plants Corporation
  - ▶ Supporting Korean War
- ▶ **Small Business Act** (1953)
  - ▶ The organization that exists today

# Why Are We?

# U.S. Small Business Administration

---

- ▶ “... The SBA helps Americans start, build and grow businesses.”

# U.S. Small Business Administration

---

- ▶ “... The SBA helps Americans start, build and grow businesses.”
- ▶ “...through an extensive network of field offices and partnerships with public and private organizations...”

# U.S. Small Business Administration

---

- ▶ “... The SBA helps Americans start, build and grow businesses.”
- ▶ “...through an extensive network of field offices and partnerships with public and private organizations...”
- ▶ “... to aid, counsel, assist and protect the interests of small business concerns...”



# U.S. Small Business Administration

---

- ▶ “... The SBA helps Americans start, build and grow businesses.”
- ▶ “...through an extensive network of field offices and partnerships with public and private organizations...”
- ▶ “... to aid, counsel, assist and protect the interests of small business concerns...”
- ▶ “... to **preserve free competitive enterprise and to maintain and strengthen the overall economy** of our nation.”
- ▶ “...small business is critical to our economic recovery and strength, to **building America's future**, and to **helping the United States compete...**”

# What Exactly Is It That We Do?

# The Four C's of the SBA

---

- ▶ Access to **Capital**
- ▶ Access to **Counseling**
- ▶ Access to Federal **Contracting**
- ▶ Support during **Crisis**

## SBA Lending (C #1)

---

We work hard to make lending:

- ▶ ***Ubiquitous***
  - ▶ Lenders across Houston and surrounding 32 counties
- ▶ ***Simple***
  - ▶ We support and train all of our lenders
- ▶ ***Start-up friendly***
  - ▶ Little or no requirement for collateral
- ▶ ***Inexpensive***
  - ▶ Interest rates for SBA-backed loans are very competitive

# SBA Lending Process

---




# Lending Support

---



- ▶ We support and train the Lenders
  - ▶ 140+ approved for SBA lending
- ▶ They offer SBA's lending programs
- ▶ Last Year's Results:
  - ▶ Every business day in Houston just over 6 loans for \$3M
  - ▶ In total – 1576 loans worth \$804M
  - ▶ Average loan is \$510K

# SBA LINC

---



## Connecting Borrowers with SBA Approved Lenders

-  **StepONE**  
Answer a few questions about your business
-  **StepTWO**  
Hear from SBA Lenders within 2 business days
-  **StepTHREE**  
Receive information on free and low-cost training options

[www.sba.gov/tools/linc](http://www.sba.gov/tools/linc)

# Top Lending Areas 2015

## Dollars

<b>Accommodation and Food Services</b>	<b>\$ 123,907,600</b>
Administrative and Support and Waste Management	\$ 12,572,900
Agriculture, Forestry, Fishing and Hunting	\$ 33,212,000
Arts, Entertainment, and Recreation	\$ 21,810,600
Construction	\$ 24,070,000
Educational Services	\$ 16,634,800
Finance and Insurance	\$ 3,499,600
<b>Health Care and Social Assistance</b>	<b>\$ 140,415,000</b>
Information	\$ 1,188,800
<b>Manufacturing</b>	<b>\$ 74,697,000</b>
Mining	\$ 11,613,600
<b>Other Services (except Public Administration)</b>	<b>\$ 75,403,000</b>
Professional, Scientific, and Technical Services	\$ 47,157,800
Real Estate and Rental and Leasing	\$ 22,260,500
<b>Retail Trade</b>	<b>\$ 134,318,500</b>
Transportation and Warehousing	\$ 9,297,700
Wholesale Trade	\$ 51,119,000
Management of Companies and Enterprises	\$ 1,345,000
Public Administration	\$ 10,000
<b>Grand Total</b>	<b>\$ 804,533,400</b>

*Top 5 represent 68% of dollars lent*

## Units

<b>Accommodation and Food Services</b>	<b>182</b>
Administrative and Support and Waste Management	59
Agriculture, Forestry, Fishing and Hunting	23
Arts, Entertainment, and Recreation	37
Construction	114
Educational Services	28
Finance and Insurance	20
<b>Health Care and Social Assistance</b>	<b>205</b>
Information	12
Manufacturing	97
Mining	18
<b>Other Services (except Public Administration)</b>	<b>172</b>
<b>Professional, Scientific, and Technical Services</b>	<b>165</b>
Real Estate and Rental and Leasing	40
<b>Retail Trade</b>	<b>229</b>
Transportation and Warehousing	81
Wholesale Trade	92
Management of Companies and Enterprises	1
Public Administration	1
<b>Grand Total</b>	<b>1576</b>

*Top 5 represent 60% of loans*



# SBA Small Business Investment Companies

---

- ▶ Private firms licensed by the SBA
- ▶ Provide Equity capital or long-term loans
- ▶ They also provide management counseling
- ▶ Invested almost \$60 billion in small U.S. companies
- ▶ Directory on our website: [sba.gov/content/sbic-directory](http://sba.gov/content/sbic-directory)
- ▶ Locally:
  - ▶ Main Street Capital
  - ▶ Parallel Investments
  - ▶ Stellus Capital
  - ▶ Toronto Dominion

# Research and Technology Grants

---

- ▶ The SBA SBIR/STTR Program
  - ▶ Stage 1 – Feasibility - up to \$150,000
  - ▶ Stage 2 – Proof of Concept – up to \$1M
  - ▶ Stage 3 – Commercialization – not usually funded

[www.SBIR.GOV](http://www.SBIR.GOV)

# Famous Recipients of SBA Assistance

---



But what if you don't qualify?

---



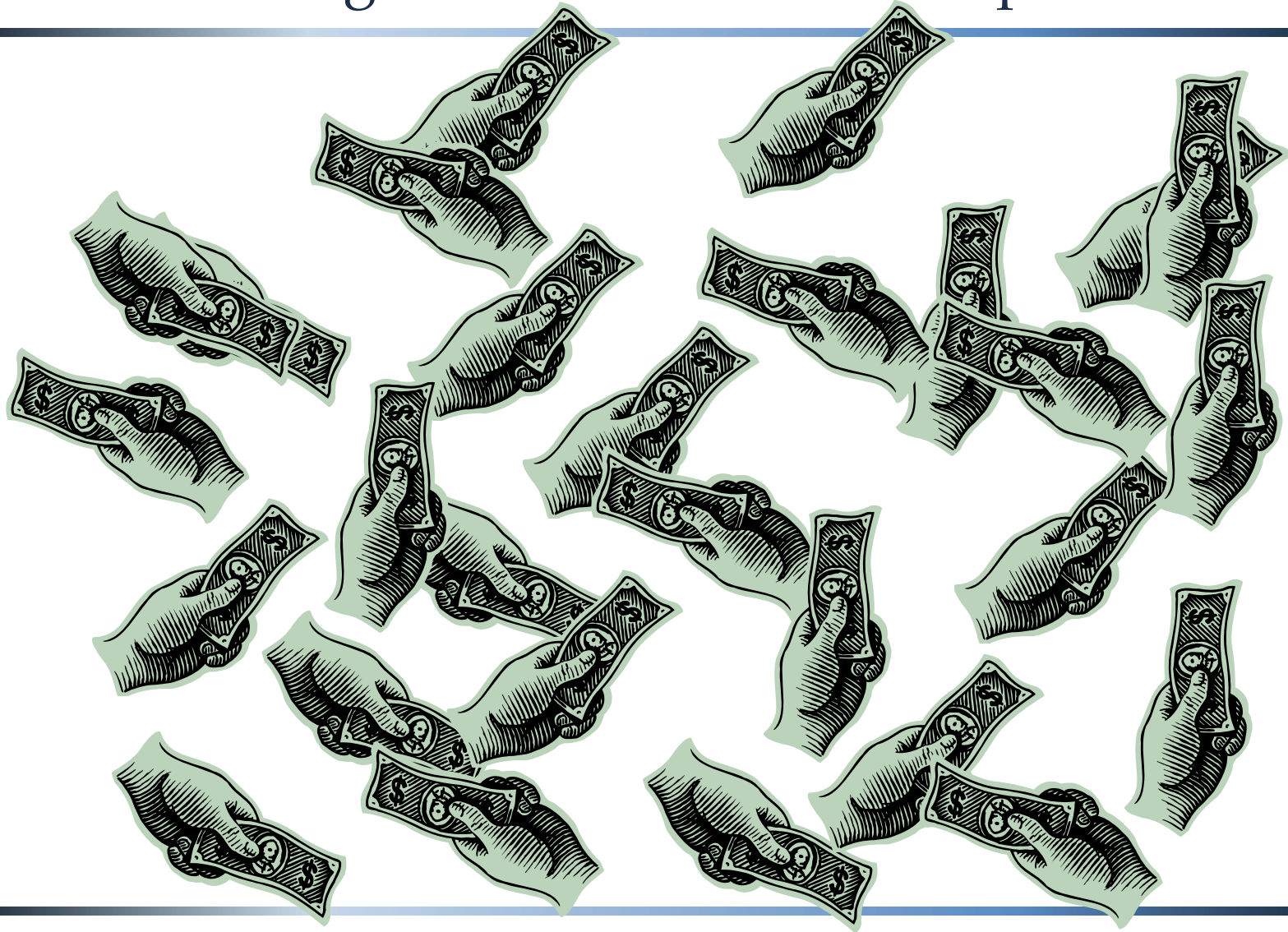
We want Small Business to succeed!

---



# Crowdfunding & Other Sources of Capital!

---



# Cost of Capital

Loan	Amount	APR	Term length	Time to funding	Collateral	This loan is best if ...
<a href="#">Bank loan</a>	\$200K+	< 10%	7+ years	2-6 months	Required	Your business is established with strong cash flow, in operation two years and you have sterling credit.
<a href="#">Microloan (from a CDFI bank or microfinance institution)</a>	\$500 – \$100K	8% -15%	1-5 years	1-3 months	Preferred, but not always required	You don't qualify for a bank loan and need less than \$100,000 in funding.
<a href="#">Online term loan</a>	\$15K – \$500K	5.99% – 25.99%	1-5 years	2-14 days	Personal guarantee	You have excellent personal credit, your business doesn't qualify for a bank loan and you're willing to pay a slight premium over traditional loans for faster financing.
<a href="#">Factoring (accounts receivable financing)</a>	85% of accounts receivable	Fee equivalent to 12% – 60% APR	1-3 months	A few days	Accounts receivable	Your business is established and you have reliable customers.

[www.nerdwallet.com/blog/small-business/](http://www.nerdwallet.com/blog/small-business/)

# Cost of Capital

Loan	Amount	APR	Term length	Time to funding	Collateral	This loan is best if ...
<a href="#">Revenue loan</a>	\$10K – \$1M	15% -40%	1-3 years	About a month	None required	You can show strong expected future revenue, your business doesn't qualify for bank loans or online term loans and you prefer to retain ownership and control of your company.
<a href="#">Cash flow loan</a>	\$200 – \$100K	25% -90%	6-12 months	3 days	Personal guarantee	You're a borrower with less than perfect credit and can pay the high interest rates.
<b>Other financing</b>						
<a href="#">Equipment financing</a>	\$5K – \$5M	8% -25%	2-10 years	1-4 weeks	Equipment	You're a business owner with good credit.
<a href="#">Merchant cash advance</a>	\$200 – \$250K	70% – 350%	3-12 months	A week	None required	You're a high-risk borrower, have tried all other options and came up empty.
<b>Crowdfunding (No debt component)</b>						
<a href="#">Equity crowdfunding</a>	\$50K – \$5M	Equity	5+ years	3+ months	None required	Your business has the potential for strong growth and you can pitch the idea to would-be investors.
<a href="#">Reward crowdfunding</a>	\$1K – \$100K	Reward	< 1.5 years	1-3 months	None required	Similar to equity crowdfunding.

[www.nerdwallet.com/blog/small-business/](http://www.nerdwallet.com/blog/small-business/)



# If Your Small Business Needs Money...

---

## Call Us!



## SBA Counseling (C #2)

---

- ▶ Small Business Development Centers
  - ▶ 16 locations and 100+ staff
  - ▶ <http://www.sbdc.uh.edu/sbdc/>
  
- ▶ SCORE
  - ▶ 12 locations and 100+ staff
  - ▶ <http://scorehouston.org/>
  
- ▶ Women's Business Center
  - ▶ <http://www.wbea-texas.org/wbc>

## Results last Year!

---

- ▶ **Our Resource Partners:**
  - ▶ Counseled more than **9,000** businesses
  - ▶ Held over **1,000** training classes with about **15,000** attendees
  - ▶ Helped start **500+** small businesses
  - ▶ Created over **4,300** new jobs
  - ▶ Helped clients get **\$200+M** in financing

# Many SBA Initiatives

<b>Initiative</b>	<b>Description</b>
<b>ReBoot</b>	Veterans Small Business Training
<b>Business Matchmaking</b>	Several events to match small businesses with large organizational buyers
<b>Made It In America</b>	Helping Immigrants find the resources to succeed
<b>Startup in a Day</b>	Working with local and state governments to reduce the time to register and permit small business
<b>ScaleUp America Initiative</b>	Designed to help small firms with high potential “scale up” so they will provide more jobs and have a greater impact
<b>LGBT Outreach</b>	Bring focus on economic empowerment in the LGBT business community.
<b>SupplierPay Initiative</b>	Partnership with the private sector to strengthen small businesses by paying them faster
<b>Small Business Saturday</b>	Nov 28 - a day to celebrate and support small businesses
<b>SBA Emerging Leaders Initiative</b>	Executive growth training for small business ready to ‘Emerge’; grow and hire.
<b>Clusters Initiative</b>	SBA investment in regional innovation clusters ranging from energy and manufacturing to advanced defense
<b>Startup America</b>	Intends to crease the number and scale of new high-growth firms that are creating economic growth, innovation, and quality jobs

# If You Need Business Counseling...

---

## Call Us!



# SBA Business Development Program (C #3)

---

Certifications to improve  
Access to Federal contracts

And

A Program to develop certain businesses

Via dedicated attention

And improved access to

Federal contracts

# Federal Gov't 'Goaling Program'

---

- ▶ **US Government Small Business Goal**
  - ▶ 23% of prime contracts to small business
  - ▶ 5% of prime and sub to women-owned
  - ▶ 5% of prime and sub to small disadvantaged
  - ▶ 3% of prime and sub to service-disabled veteran-owned
  - ▶ 3% of prime and sub to HUBZone

# Business Development

---

- ▶ “The 8(a) Program”
- ▶ The SBA works directly with small businesses over a highly structured 9-year period to “develop their business”
- ▶ A *primary tool for development* are contracts with federal government



## Who can be 8(a)?

---

Small business owned and controlled by one or more socially and economically disadvantaged individuals of good character that have a chance of success

- ▶ “Socially Disadvantaged” is due to race, ethnic origin, gender, physical handicap, long-term residence in an environment isolated from the mainstream of American society; or similar.
  - ▶ Presumed to be socially disadvantaged are: African-Americans, Hispanic Americans, Asian Pacific Americans, Native Americans (American Indians, Eskimos, Aleuts, or Native Hawaiians), and Subcontinent Asian Americans.
  - ▶ An individual who is not a member of one of these groups can show via a preponderance of evidence that he/she is socially disadvantaged.

## Who can be 8(a)?

---

- ▶ “Economically Disadvantaged” means that the applicant’s net worth (excluding business and primary residence value) may not exceed \$250,000
- ▶ “Chance of Success” - the firm must have been in business for at least 2 years, among other things
- ▶ Must be a US citizen
- ▶ A business can also qualify if owned by an Indian tribe.

# SBA '7(j)' Training

---

- ▶ **High-quality free assistance**
  - ▶ Group training classes and Webinars
  - ▶ Executive education
  - ▶ One-on-one consulting
- ▶ **Eligible small businesses:**
  - ▶ Participants in the 8(a) Program
  - ▶ Small businesses owned and controlled by economically and socially disadvantaged individuals;
  - ▶ Small businesses located in areas of high unemployment or low-income; and.

If You Want to DEVELOP and Sell to the  
US Government...

---

**Call Us!**



## SBA Disaster (C #4)

---

### Special SBA-Direct Loans:

- ▶ For Business Loss
- ▶ For 'Economic Injury'
- ▶ For Homeowners
- ▶ ... and other resources

# Disasters

---

- ▶ Support following a disaster:
  - ▶ Low interest loans
  - ▶ Businesses and Homeowners
  - ▶ Economic Injury Loans (EIDL)
- ▶ No local staff designated for this – Administered via a ‘Parachute’ SBA disaster Staff
- ▶ We support them

# If You Experience a Disaster...

---

## Call Us!



# The Test!

*4 Questions*



# Question 1

---

- ▶ What are the 4-Cs of the SBA?

## *Answer 1*

---

- ▶ What are the 4-Cs of the SBA?

**C**apital  
**C**ounseling  
**C**ontracting  
**C**risis

## Question 2

---

- ▶ What is the First Thing an SBA Employee Thinks Of When We Awake?
  - ▶ *Hint: Also the mission of the SBA*

## *Answer 2*

---

- ▶ What is the First Thing an SBA Employee Thinks Of When We Awake?
  - ▶ *Hint: Also the mission of the SBA*

How can we help Americans  
**START**  
or  
**GROW**  
Small Businesses

## Question 3

---

- ▶ What do you do if you:
  - ▶ Need money
  - ▶ Need extra or special counseling
  - ▶ Need 'to develop' and is interested in federal contracting
  - ▶ Experience a disaster
  - ▶ Need anything at all to do with small business

## Answer 3

---

- ▶ What do you do if you:
  - ▶ Need money
  - ▶ Need extra or special counseling
  - ▶ Need 'to develop' and is interested in federal contracting
  - ▶ Experience a disaster
  - ▶ Need anything at all to do with small business



**Call the SBA!**



## Question 4

---

- ▶ What is my phone number and web site?

## *Answer 4*

---

- ▶ What is our phone number and email address?

**713 773 6500**  
**www.sba.gov**  
**www.sba.gov/tx/houston**





*Thank You For Your Time!*

---

U.S. Small Business Administration  
Tim Jeffcoat, District Director  
Houston District Office  
May 2015