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Opening Doors Policy

Government programs are increasingly giving businesses a way out of recession doldrums

BY JOHN G. EDWARDS

Mary Lou Soto and her sister, Cindy, worried about their personal safety when they worked after dark at the old warehouse.

Then, despite the worst Southern Nevada recession since the 1930s, the owners of Artistic Touch secured financing through a Small Business Administration program to buy a new location in February.

They purchased a 5,000-square-foot warehouse at 2543 E. Washburn Road in North Las Vegas for \$443,000, and their engraving equipment now whines into the night.

Artistic Touch is one among a growing number of local small businesses that are getting help from government programs.

The federal, state and local governments are helping small-business owners get loans, learn better management techniques, obtain government contracts, expand into export markets and cut costs.

"We're getting slammed" with new applicants, said Ron Horn, director of the Procurement Outreach Program, a division of the Nevada Commission on Economic Development.

"They don't have people knocking on their doors anymore," Horn said.

As a result, Horn said more businesses are coming to his division and asking for guidance on how to bid for prime contracts or as subcontracts on government projects.

Want to buy commercial real estate to use for a business? Virtually the only loans available come with guarantees from the Small Business Administration, said Ann Santiago, vice president and regional loan officer for TMC Development.

SBA 7 (a) loans are generally easier to get than conventional loans, because the government increased the guarantees for lenders and set aside fees for borrowers.



GARY THOMPSON | LAS VEGAS REVIEW-JOURNAL

Sisters Mary Lou and Cindy Soto of Artistic Touch use laser machines to cut and engrave gifts and plaques for awards.



RUBEN D. LUEVANO | LAS VEGAS REVIEW-JOURNAL

Mike Waters, right, instructs his team during warm-up exercises May 11 at Desert Breeze Park. Waters runs Phase 1 Sports, a program that helps athletes prepare for college.

"It's a great product in bad times," said former banker Mark Phillips of Phillips Loan Support Services, a consultant to Nevada Commerce Bank.

John Scott, district director for the SBA in Nevada, figures the agency's programs and federal stimulus law enhancements in the programs have softened the economic crash for small businesses in the Silver State.

He can point to several examples of businesses that got a financial boost through the SBA, including the Soto sisters' Artistic Touch.

Mary Lou, 32, a former Air Force captain and Gulf War veteran, was offered a promotion to major. But she left the service and bought a business that does custom engraving on gifts and recognition awards.

She wanted to spend more time with her family. Her sister quit college in California and became her partner and the only other person on the payroll. Her parents moved to Las Vegas to join them.

"With this business, it just allowed me to enjoy the best of both worlds," Mary Lou said.

"I absolutely enjoyed my time in the military, because I really made a difference," she said. "So now I get to reward the people that do that."

The sisters engrave glass, wood, plastic, even bottles of booze.

Their biggest market: servicemen and women at Nellis Air Force Base.

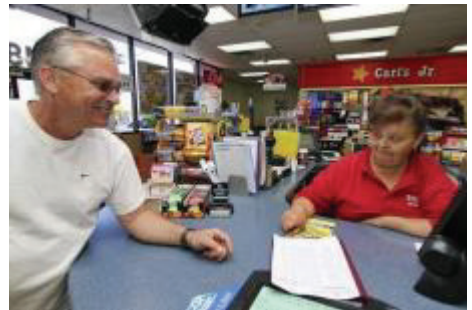
"We developed a rapport with the base people," she said. "Now, they say, 'Call the laser ladies.'"

Jeff Martin, managing partner of Allstar Vending Enterprises, has prospered during the recession as well -- partially thanks to an SBA loan.

"I would call (the vending machine business) recession-resistant. It's for sure not recession-proof, because a lot of vending machine companies went out of business," he said.

"We've grown quite a bit just by providing a big variety of product and excellent customer service," he said.

His company received a \$494,000 SBA 7(a) loan in June 2009. He used the proceeds to pay off high interest loans and replace loans maturing in two or three years with SBA loans that go 10 years.



MIKE STOTTS | LAS VEGAS BUSINESS PRESS

Eagle Stores President Jeff Marshall, talks Memorial Day with Rita Murphy, a worker at the Trop Stop Gas & Car Wash at 4885 W. Tropicana Ave. Eagle Stores, which owns the Trop Stop, got a commercial real estate loan with help from TMC Development.



Tim Brooks
Owner, Amazon Masonry

The interest rate was attractive at 6.5 percent, and the SBA waived the fee for the loan guarantee.

Allstar Vending has 12 employees, including three hired in the last year. Martin plans to hire two more in August.

The loan "was really helpful," Martin said. "I'm not suggesting it's make it or break it with us. Because of (the SBA loan), we've been able to, not just maintain our business, but grow our business."

Even small loans can help get a new business off the ground.

Mike Waters learned that lesson when he decided to start Phase 1 Sports. He asked the Nevada Microenterprise Initiative for assistance.

The nonprofit group makes small loans through its affiliation with the SBA and provides basic training for mom and pop businesses.

"I walked in there with nothing but an idea," said Waters, a former running back at the University of Nevada, Las Vegas.

He remembered how unprepared he was for college after completing high school in Southern California. So he attended junior college before transferring to UNLV.

Waters thought he could help high school athletes prepare physically and academically for college.

"My program was based on what I wished I had done in high school," he said.

Waters told Anna Siefert, manager of the Nevada Microenterprise Initiative in Las Vegas, about his business plans. She enrolled him in a 12-week business development program on starting and running a business. The program ultimately provided him with \$10,000 to start operations in 2003.

Since then, Phase1 Sports has been providing training, guidance and advice to scores of students with skills in football, basketball, baseball, soccer and volleyball.

Waters estimates that he has helped 70 athletes get college educations through sports scholarships. His clients have signed with the University of California, Berkley, the University of Southern California, Tennessee State University, UNLV, the University of Nevada, Reno, and numerous smaller colleges.

Waters hopes to buy a building for Phase 1 Sports with a government-backed loan.

Government programs help small businesses in other ways, too.

Nevada Industry Excellence, the industry outreach program of the Nevada System of Higher Education, shows manufacturers how to become more efficient.

"Our seminars are becoming more and more popular as people have to tighten their belts," business manager Terry Culp said.

The organization typically works with companies employing between two and 500 workers.

"We're rated, graded and funded based on the success of our clients," Culp said. Nevada Industry Excellence estimates it has had an \$734 million positive impact over eight years and enabled industry

to create or retain 3,525 jobs.

The Las Vegas Perspective reports that about 28,000 are employed in manufacturing in Southern Nevada and another 20,000 in Northern Nevada.

The numbers are starting to grow again, Culp said.

For example, Amonix Inc., a private company based in Seal Beach, Calif., announced in May that it would build a \$20 million solar power manufacturing plant that will employ 278 workers.

The Nevada Small Business Development Center, which is affiliated with the University of Nevada, Reno, and the University of Nevada, Las Vegas, also helps businesses get their feet in the stirrups. It has 11 offices in Nevada, including one at UNLV.

The center helps businesses find retail sites, hone their marketing programs and learn procurement procedures, deputy director Winnie Dowling said. The center often coordinates its work with SCORE, a volunteer group of retired executives. Both the center and SCORE get support from the SBA.

The Nevada Commission on Economic Development runs two programs designed to help small businesses -- Global Business Development and the Procurement Outreach Program.

Both programs offer businesses access to new markets for their products as the demand for goods and services shrinks in recession-slammed Nevada.

The global division, headed by Al DiStefano, tells businesses how to select the best countries for their products. Then, it shows them how to find overseas representatives to develop those markets. The state agency often arranges for exporters to share booth expenses at overseas trade shows.

Horn, director of the Procurement Outreach Program, shows Nevada companies how to use the Internet to bid on government contracts and subcontracts.

For a one-time fee of \$50, "they can look at all the contracting opportunities they want," Horn said.

"Every company in the state ought to be hooked into this network. We have really picked up since the economy went down," Horn said. "The program is becoming a lot more visible now."

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CERTIFIED DEVELOPMENT COMPANIES HELP SECURE LOANS

Ann Santiago prides herself on helping small businesses get big loans in tough times, but even she is daunted in times like this.

For example, she knew it would be a challenge to facilitate a commercial real estate loan for Jeff Marshall, president of Eagle Stores Inc.

His company owns the Trop Stop Gas & Car Wash near the corner of Decatur Boulevard and Tropicana Avenue. He wanted to expand so that he would be on the corner of the two streets, not just near the corner. His business was running close to full capacity.

"Last year, the economy has been in the tank. Lenders have been very hesitant to provide any

commercial lending whatsoever," Marshall said.

So he turned to Santiago, vice president and regional loan officer for TMC Development, a certified development company.

CDCs are nonprofit organizations that package a bank loan and bond with the help of a partial government guarantee.

TMC Development helps clients obtain long-term, fixed-rate loans to buy owner-occupied commercial real estate through the SBA 504 program. The SBA takes some of the risk, making lenders more willing to lend to small businesses, but that doesn't mean it would be an easy deal to do.

A commercial loan for "a gas station in today's world? Are you kidding?" Santiago asked. "We did it."

It helped that Marshall was a longtime customer of Bank of North Las Vegas, which participated in the deal, she said.

Because the loan was for an expansion, Eagle Stores was able to use \$1.7 million of the \$4.4 million loan to refinance an existing conventional commercial real estate loan. Under the federal stimulus act, the SBA waived fees, saving Eagle Stores \$22,000.

The Trop Stop soon will be bigger and better than the standard convenience store. It already includes Carl's Jr. hamburger shop. Marshall said: "We're going to become a mini-truck stop."

-- *John G. Edwards*

SUPPLIER DEVELOPMENT COUNCIL AIMS TO HELP MINORITY BUSINESS OWNERS LAND OPPORTUNITIES

The government isn't the only organization that promises to help small businesses.

The Nevada Minority Supplier Development Council exists to enable minority business owners to get contracts through diversity programs at big corporations.

As the first step, the council certifies minority owned and operated businesses so they can qualify for opportunities at large corporations.

The members range from contractors to staffing companies, engineers, architects and food service companies. Council President Dianne Fontes counts 200 certified minority businesses locally plus 187 minority businesses that come from other areas and are certified to work here as well.

The council holds workshops and monthly luncheons for members. It enlists support from some of Southern Nevada's biggest corporations, including Southwest Gas Corp., MGM Mirage, NV Energy, Harrah's Entertainment and Wynn Resorts Ltd.

Minority business enterprises did \$700 million in work on CityCenter, Fontes said.

Tim Brooks, owner of Amazon Masonry, contracted for some of those projects. He is chairman of the council's Minority Business Enterprise component.

The council "opened doors and contacts to organizations I would never ever had a remote chance of

doing business with if I wasn't a certified minority business," Brooks said.

He employs 120 workers although the staff count varies with the amount of projects underway.

Customers have included Penta Building Group, Core Construction and Caesars Palace.

"The majority of our work comes from MGM," he said. "There's no one that drives that animal (diversity contracting programs) like they do. A lot of them act minority business enterprise friendly, but they don't back it up with the work."

Fontes added: "We've got a lot more work to do, but it gets better every day."

-- *John G. Edwards*