



Funding biggest hurdle of last year

[Business](#) financing continued to be the biggest challenge for small businesses in 2011, according to Green Bay SCORE counselors. "While there is much nonfinancial help available from groups like SCORE, obtaining [funding](#) was an entirely different matter," said John McCully, SCORE counselor and retired business executive. McCully blames the mortgage crisis and record number of foreclosures for the reluctance of lenders to approve loans. But, he notes, it goes beyond that. The government regulators have looked closely at lenders' [portfolios](#) and are limiting the number of commercial loans. In many cases, lenders simply aren't allowed to add commercial loans.

On a positive note, McCully welcomed the new Brown County Microloan Program as an option for entrepreneurs. Developed by Advance, the economic development arm of the Green Bay Area Chamber of Commerce, the program partners with 10 area [financial](#) institutions to offer loans of \$5,000 to \$100,000 to startup, newly established and emerging businesses within Brown County.

The Small Business Administration (SBA) provided another option, especially for existing [businesses](#), with their various loan guarantee programs. Fueled by loan enhancements under the [Small Business Jobs Act of 2010](#), Wisconsin was one of the leaders in the nation with a record \$835,220,100 in loans for the fiscal year ending Sept. 30, 2011. That compared with \$549 million in the previous fiscal year.

However, even as the SBA loan guarantees made it easier to work with some financial institutions, equity requirements presented a challenge. To qualify for an SBA 7(a) loan, one of the most common for startups, a minimum of 25 to 30 percent down was typical.

Tom Finley, a SCORE counselor with decades of experience, agreed that funding was a problem. He suggested that entrepreneurs shop loans at numerous banks and include credit unions. Other possibilities include personal loans or loans from friends

and family. It's also a good idea to check for any county or municipal revolving loan funds.

Despite the difficulty in obtaining startup [money](#), many counselors noted that entrepreneurs continue to dream and are optimistic about their chances of success. "Most folks aren't focusing on the economy," Finley said. "They want to do their own thing whatever the environment is." He said he is seeing entrepreneurs who look at the economy and carefully assess where a new business can succeed. In the past year, Finley has talked to several manufacturing startups that address shortages in the market. He hopes that is a trend that will continue in the new year. "Will things improve for small business?" Finley said. "I believe we are gaining on 'it' very slowly. Major indicators are mostly pointing in the right direction."

Tina Dettman-Bielefeldt is co-owner of DB Commercial Real Estate in Green Bay and district director for SCORE, Wisconsin.