

# It's Your Business

Become a fan of Region VII's [Facebook Page](#) & Follow us on [Twitter](#)

Get on the mailing list for [It's Your Business](#)

## INSIDE THIS ISSUE:

- Brewing up success in McCook* 1
- Take the Mystery out of SBA loans* 2
- Reid's Farmacy: Harvesting a deal in Ashland* 3
- Don't miss Omaha's Best Networking Event* 4
- Monthly loan report* 5

## SBA financing helps write success story

# Tasty franchise comes to Big O

The new franchise store in an Omaha shopping center would open in about a half hour, with a line of eager customers already snaking around the building, not seeming to care about the morning chill or the raindrops pelting down on them. They'd heard a lot about the grocery store's unique and exotic offerings, and they wanted to be among the first in town to see inside.

Another franchise store across the parking lot with tasty treats of its own was having an opening that morning, and one of the new owners saw an opportunity.

"We went out there and offered free samples," said Melissa Hegarty, a co-owner of Nothing Bundt Cakes' newest franchise in Omaha. "And we said, 'when you're done shopping, come over and see us.'"

They did, helping the store pull in \$2,600 in sales for its "soft" opening Nov. 12, a record, Hegarty said, for first-day revenue of any of the 16 shops in the Las Vegas-based confectionary chain.

(see *YUM*, page 4)



Melissa Hegarty (left) and Sharon Hansen of Nothing Bundt Cakes. The store enjoyed its grand opening Nov. 19 at One Pacific Place in Omaha.

## Lenders!

Hurry and take advantage of Recovery Act provisions

The 90 percent loan guarantee expires **Dec. 31**, and borrowers' fees will return after that.

Act now to ensure your deals are approved by the SBA before then. Call a Lender Relations Specialist in the Nebraska District Office for help at 402-221-4691.

Helping small businesses **start, grow** and **succeed**.



Your Small Business Resource

## THE TYLERS: BREWING UP SUCCESS IN MCCOOK

Inside an old warehouse along some rumbling, dusty railroad tracks in McCook, Neb., are plans for a modern pub and restaurant, serving up trendy, local microbrews to the thirsty of this town of 8,000 in southwestern Nebraska, close to the Kansas border.

Tyler Ray Loop and his wife, Tyler Sue Loop – the local folks sometimes call them “the Tylers,” took home a \$25,000 prize in the 2010 Hormel Business Plan Competition to invest in their project. The plan is to run a seven-barrel system to ferment craft beer, which means each tank would hold seven barrels, or 220 gallons at a time. Besides the entertainment value of watching the brewers in action as they enjoy a meal, restaurant guests would enjoy a pint on tap or take home the product

in growlers, or five-gallon and 15-gallon kegs.

By May 4, the Tylers began working with Jason Tuller, director of the Nebraska Business Development Center's North Platte office, and from phone calls, e-mails and a couple of face-to-face visits got help from him with a business plan review and projected financial statements. Tuller also helped the Tylers with their SBA 7(a) loan package.

The Tylers followed up with a pitch to Darryl Volquardsen, a vice-president at First Central Bank McCook, which has done five SBA backed-loans this fiscal year. Volquardsen saw there would be three complications to financing the brewpub project: a lack of restaurant management experience on the resume of Tyler Ray, a need for

(see *TYLERS*, page 2)

**As a direct result of SBA guaranteed small business financing throughout the state to date in Fiscal 2011, 409 jobs are being created in Nebraska.**

### Prudent Lending

Businesses with SBA-backed financing in Nebraska have the lowest delinquency, liquidation and past due rates in the region.

Only 4.7 percent of SBA loans in the state are in default, compared to 5.6 percent in the region (Missouri, Iowa, Kansas and Nebraska). The state also is better than the nationwide rate of 6.0 percent.

## LENDER RELATIONS HELPS GET MICROBREW DEAL

(from *TYLERS*, page 1)

enough equity injection by the owners and valuing the collateral of the brewpub itself.

The warehouse purchase would be financed by the current owner of the building, Volquardsen said; the collateral First Central Bank McCook would include in the deal was equipment – a brew vat, dining room tables, assorted utensils in restaurant brewing area. “But it needed a valuation, to make sure this specialized equipment would be discounted,” Volquardsen explained, “because if it ever came to a point where we had to sell it, there isn’t a market to get the full value back.”

Volquardsen turned to Suzanne Stearman, a lender relations specialist with the Nebraska District Office for advice. Stearman met with Volquardsen and the Tylers in person at the bank June 23; to set the stage, the lender had sent Stearman financial information a week before the in-person meeting.

“She really helped by giving us the SBA’s point of view on all they require from us,” Volquardsen said. “That way, we know what information to gather before we submit the loan package, rather than submitting it then getting back a list of all the things they need.”

Stearman helped the lender value the equipment to solve the collateral issue and talked over the equity injection – proceeds from the business plan competition award would help. And while Tyler Ray finished a training session for brewpub management in Colorado, Volquardsen said it is difficult to get experience in rural Nebraska running one without leaving for one of the bigger towns in the state. However, Tyler Sue has experience (working at) a couple of fast food places and working at the clubhouse lounge/café at the local golf course.

Stearman also explained how the SBA allows a maximum of a 10-year term for equipment loans; Volquardsen had projected a 20-year payoff, but without the building as part of the project, the longer term wasn’t possible.

Thanks to the help from Stearman, the loan for \$130,000 was approved Nov. 5; and thirsty McCook residents hope soon enough they’ll be able to lift a mug of homebrewed craft beer.



Locals call them The Tylers, and thanks to their hard work and a little help from the SBA, soon enough, folks in McCook will be able to lift a mug of home brew inside the town’s old brick warehouse.

Since Oct. 1, 2009 veteran-owned small businesses in Nebraska have received 59 SBA-backed loans, representing \$11.2 million in loan volume. Of those, 19 loans, representing \$4.5 million in loan volume, went to start-ups.

## TAKE THE MYSTERY OUT OF SBA LOANS

The SBA and the Nebraska Business Development Center will host an exciting and informative seminar which will help guide developing a successful business, and how to leverage federal contracting opportunities available to veterans.

This seminar is scheduled for Dec. 14 from 6:30 to 8:30 p.m. at the Airman and Family Readiness Center, 2nd Floor, Bldg. 323C, Offutt Air Force Base.

Many military members, especially retirees, are in a position to use the experience and training gained while in uniform to start a successful small business. Veteran business success rates are higher than other demographic groups. The federal government alone has done \$20B in business with veteran owned businesses (2009). Even with these advantages, for many the idea of being in business for themselves seem daunting.

This seminar will take the mystery out of the process. Find out how to get free business advice from local organizations, the basics on writing a business plan, and start learning how to take advantage of federal government contracting opportunities open to veteran owned businesses. Also, we discuss how to tackle the thorny issue of financing startups to include SBA loan programs geared for veterans and other small business needs.

The course will be presented by Michael Foutch, Chief Petty Officer, Ret., U.S Navy, and Jason Bousquet, Maj, Air Force Reserves.

Make your reservation now by calling the A&FRC at 294-4329.

## REID'S FARMACY: HARVESTING A LOAN

Thanks to the return of the provisions of the Recovery Act, including the 90 percent loan guarantee and reduced borrower fees, a promising agricultural business got the financing it needed to triple its revenue next fiscal year.

Brian and Casey Reid's company, Reid's Farmacy, Ashland, Neb., has dispensed a prescription for increased crop yields by custom applying technologically-advanced chemical fertilizer and insecticide sprays on thousands of acres of Nebraska farmland for their customers.

Over the past 15 years, seed companies have genetically developed corn and bean hybrids resistant to certain chemical herbicides and pesticides; chemical firms have produced a mix that won't kill the corn stalks and bean plants, but will eliminate all other weeds. The process works so well, said Kevin Horn, vice-president of Farmers & Merchants Bank in Ashland, the days of hoeing weeds out of rows in a field are over.

The Reids have been customers of Horn since 1991, and sought the lender's help in seeking financing for more equipment and a huge storage shed.

Brian worked for Frontier Cooperative in eastern Nebraska for 18 years; he spent his last three working with a chemical application company before striking out on his own and forming a limited liability corporation last April. Reid's Farmacy had some investor money, but operated on a shoestring budget, Horn said. Farmers and Merchants Bank hadn't turned to SBA financing since their last deal "seven or eight years ago," Horn said.

After speaking in August with Deborah Wilson, a lender relations specialist with the Nebraska District Office, Horn recommended to the Reids that any potential deal wait for the return of the Recovery Act provisions. By mid-September, when news from Washington, D.C., suggested imminent passage of the Small Business Jobs Act and restoration of the provisions, the conversation between Wilson and Horn turned to plowing through specific issues standing in the way of the deal.

The biggest problem for Reid's Farmacy? "Collateral," Horn said. "Normally, if we would do one of these deals in-house," Horn explained, "we'd require 35 percent down. We wouldn't use leasehold improvements as collateral, or accounts receivable or inventory. We just wouldn't count it in terms of value. They're in a very specific industry, so they have certain types of tanks they use because of the regulations they have to follow that makes it tough to value. So they would have had to raise a lot more outside capital without the SBA guarantee.

"I don't know if we hadn't gotten the 90 percent guarantee if we would have done the loan," Horn admitted.

Wilson also steered Horn toward using a Rural Lender Advantage loan, guiding the lender where to download forms available on the District Office's web site.

"Just going through the forms, I had questions about how this specific type of business qualifies," Horn said. "Things such as, this loan is guaranteed by the husband and wife, so do you split the actual assets in half, how do you show that on this particular form? How much is the servicing fee? Are there rate restrictions depending on the type and size of the loan?"

As a result of Wilson's help, Reid's Farmacy was approved for a loan Oct. 20 under the Small/Rural Lender Advantage program.

The business has big plans for the loan proceeds. Horn said they'll spend some money on new equipment, and finish leaseholder improvements on a big shed that will house their equipment, including large spray floaters. Inside the shed, they plan to build an office. The SBA-backed loan also will pay off a loan with another lender, freeing up collateral and improving the business' cash flow.

As a result, Reid's Farmacy expects to see a jump in revenue.

Farmers and Merchants Bank isn't done with SBA lending. Horn said the community lender already has another deal in the works.

### What is a Small/Rural Lender Advantage Loan?

This initiative is part of the Agency's 7(a) loan guaranty program and is designed to encourage small community/rural lenders to partner with SBA by simplifying and streamlining the Agency's loan application process and procedures. This loan program can be used anywhere in Nebraska.

Key Features:

- Streamlined loan application and process for SBA loans of \$350,000 or less.
- A simplified SBA loan eligibility questionnaire to help small or occasional lenders meet SBA's eligibility requirements.
- Loans centrally processed through SBA's Standard 7(a) Loan Processing Center.
- Lenders can transmit applications via fax; eventually lenders will be able to submit online.
- No lender sign-up requirement.

Don't miss this free workshop:  
**"Experts Discuss: Learn About the Government As Your Customer"**  
**Winning Federal Contracts for Your Small Business**

**December 16**

**8-10:00 a.m.**

**SBA Nebraska District Office & SCORE**  
**10675 Bedford Avenue, Suite 100, Omaha**

Speakers include representatives from:

- SBA Office of Government Contracting
- SBA Office of Business Opportunity
- NBDC Procurement Technical Assistance Center
- In cooperation with
- 55th Contracting Squadron, Offutt Air Force Base
- U.S. Army Corps of Engineers, Omaha District

To register:

Call: [Kathleen Piper \(402\) 221-7205](tel:402-221-7205) or [Jan Allen \(402\) 221-7215](tel:402-221-7215)

**Learn:** Is this market for you? An overview of selling to Local, State and Federal government

**What to do:** Registration on [Central Contractor Registration](#).

**Where and how to find bidding opportunities on the Internet:** Learn about [Federal Business Opportunities](#).

**U.S. Small Business Administration certifications:** HUBZone and 8(a) Business Development.

Coffee provided.

## Networking at its Best!

Join other Omaha small businesses and area lenders at Omaha's Small Business Empowerment Breakfast

**December 10**  
**Regency Lodge**  
**909 South 107th**  
**Avenue, Omaha**  
**7-8:30 a.m.**

The cost is \$14 per person, which includes a full buffet breakfast. [Please register in advance online](#), and make checks payable to Regency Lodge.

The Empowerment Breakfast is simple and effective. Each month, four businesses introduce their services and products in a three-minute presentation. If you wish to be a presenter, please call Barb Foster at 221-7212.

During this event, everyone attending is introduced, so bring your business cards, make some contacts, and have some fun!

## OMAHA DISCOVERS HOLE LOTTA YUM IN NEW STORE

Those customers found that Nothing Bundt Cakes meant exactly that: the cheerful, nostalgically decorated store offers the ridged, ringed cakes in four sizes and 10 flavors, from tasty little bite-sized bundts to huge cakes that can satisfy a crew of 18. They bake each cake in large ovens in the back of the store, filling the place with delectable and irresistible scents.

"When we have our ovens going, people walk in the door, and you can see them leaning back, going, 'aahhhh!'," said Sharon Hansen, the other co-owner of the shop.

And Nothing Bundt Cakes goes all out, with delicious frosting melting into the sweet spongy dessert, topped off with colorful bows and silk flowers. They aim to be a one-stop shop for party planning, with aprons, platters, party hats, balloons and cards.

Hegarty worked with her co-owner, Sharon Hansen, at a locally-owned Omaha business furniture dealership for four years. Hansen had lived with her husband in Las Vegas and knew how treasured there a gift from Nothing Bundt Cakes could be. Returning to the Midwest about five years ago, she investigated bringing a

and in October, their booth at the Buy the Big O! Show at the downtown Qwest Center drew consistent crowds all day seeking a mouthful of bundt cake.

"With our opening so close, we used the show to get our name out there," Hansen said.

"We're involved with the Greater Omaha Chamber and we know how important it is to building a business," Hegarty added.

Nothing Bundt Cakes also got a mention on KFAB-AM's Saturday economic development program, Grow Omaha. The hosts asked if a business could succeed selling just bundt cakes - Hegarty and Hansen answered by sending a cake over to them to sample.

"We're seeing a real return on investment for marketing," Hegarty said.

With representatives from the Greater Omaha Chamber invited for a ribbon-cutting and the date looming for the store's grand opening Nov. 19, Hansen said the challenge "was getting all the parties involved and everyone together to understand our timing."

"We found ourselves really pushing people, because it was so important to open our

**Even in a depressed economy, "people will stand in line 30 to 40 minutes for our cakes. They'll say, 'even though we don't have a lot of money, this is something we can afford to treat ourselves.'"**

franchise to Nebraska.

Nothing Bundt Cakes started in a home kitchen back in 1998, and by 2007, the original owner franchised the concept to several western cities from Nevada to Texas. The Omaha store is the Midwest's first.

Hansen and Hegarty incorporated under the name Hole Lotta Yum, LLC - the name is a nod to the marketing tag line for the franchise. They sought business plan help in Oct. 2009 from the Nebraska Business Development Center in Omaha at the suggestion of their banker, Steve Davis of Elkhorn's CharterWest. The business was approved March 17 for a 7(a) loan for \$253,600, which they used for baking and refrigeration equipment, leaseholder improvements and buildouts, and the franchise fee.

Hegarty and Hansen have been aggressive marketing the new store. Drawing on their previous experience at the business furniture dealership, the two asked their former colleagues to take sample cakes to their clients,

doors on time," Hegarty said.

When the doors opened that rainy Friday morning, the hard work paid off.

"Every time we turned around, there was somebody here to help," Hegarty said, including their former colleagues at the furniture dealership; during a customer open house, they bought several cakes from the store.

Hansen said even in a depressed economy, "people will stand in line 30 to 40 minutes for our cakes. They'll say, 'even though we don't have a lot of money, this is something we can afford to treat ourselves.'"

She added the store's goal is \$500,000 in sales for its first year, and "we hope to exceed that." The franchise's other stores, including in recession-wracked Las Vegas, have shown 20 percent year-over-year growth.

And with the scents and tastes of each cake fresh out of the oven, it's pretty easy to understand why Hansen said she's "just happy to come to work every day. It's fun, and we love to share that."

## CONGRATULATIONS TO OUR RECENT LOAN APPROVALS (OCT. 23 TO NOV. 29)

Approval Date	MajPrg	Net Gross	Lender Name	Lender City	Delivery Method
10/25/2010	7A	25000	UNION BANK AND TRUST COMPANY	LINCOLN	Comm. Express
10/26/2010	7A	60000	UNION BANK AND TRUST COMPANY	LINCOLN	Comm. Express
10/26/2010	504	91000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
10/26/2010	7A	150000	WELLS FARGO BANK NATL ASSOC	SIOUX FALLS	SBA Express
10/27/2010	7A	70000	FIRST NATIONAL BANK	SIDNEY	RLA
10/28/2010	7A	194000	FIRST NATIONAL BANK OF OMAHA	OMAHA	SBA Express
10/29/2010	7A	50000	CENTRIS FCU	OMAHA	SBA Express
10/29/2010	7A	100000	CENTRIS FCU	OMAHA	SBA Express
10/29/2010	7A	125000	FRONTIER BANK	MADISON	SBA Express
10/29/2010	504	1130000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/1/2010	7A	41700	FRONTIER BANK	MADISON	SBA Express
11/1/2010	7A	150000	FIRST STATE BANK	LINCOLN	SBA Express
11/2/2010	7A	1181200	ENTERPRISE BANK NATL ASSOC	OMAHA	Other 7(a)
11/2/2010	7A	125000	FIRST STATE BANK	GOTHENBURG	SBA Express
11/2/2010	7A	75000	PINNACLE BANK	LINCOLN	RLA
11/4/2010	7A	172200	SPIRIT OF TEXAS BANK, SSB	COLLEGE STATION	PLP
11/5/2010	7A	60000	BANK OF BENNINGTON	BENNINGTON	Other 7(a)
11/5/2010	7A	43200	FIRST NATIONAL BANK OF OMAHA	OMAHA	SBA Express
11/5/2010	7A	148500	PINNACLE BANK	LINCOLN	RLA
11/5/2010	7A	130000	FIRST CENTRAL BANK MCCOOK	MCCOOK	Other 7(a)
11/5/2010	7A	20000	SECURITY FIRST BANK	LINCOLN	SBA Express
11/5/2010	504	0	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/8/2010	504	394000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/8/2010	7A	30900	CENTRIS FCU	OMAHA	SBA Express
11/8/2010	7A	121373	FIRST NATIONAL BANK	NORTH PLATTE	SBA Express
11/8/2010	7A	20000	U.S. BANK NATIONAL ASSOCIATION	CINCINNATI	Comm. Express
11/8/2010	7A	65000	SECURITY FIRST BANK	LINCOLN	SBA Express
11/9/2010	504	79000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/9/2010	504	99000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/9/2010	7A	50000	CENTRIS FCU	OMAHA	SBA Express
11/9/2010	504	502000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/10/2010	504	202000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/10/2010	7A	100100	FIRST NATIONAL BANK	ALLIANCE	SBA Express
11/12/2010	7A	30000	HERITAGE BANK	WOOD RIVER	SBA Express
11/12/2010	7A	40000	HERITAGE BANK	WOOD RIVER	SBA Express
11/13/2010	7A	40000	PINNACLE BANK	LINCOLN	RLA
11/13/2010	7A	1480000	CENTENNIAL BANK	OMAHA	Other 7(a)
11/15/2010	7A	30000	HERITAGE BANK	WOOD RIVER	SBA Express
11/15/2010	7A	126000	HERITAGE BANK	WOOD RIVER	RLA
11/15/2010	7A	68000	CORNERSTONE BANK	YORK	RLA
11/15/2010	7A	250000	ENTERPRISE BANK NATL ASSOC	OMAHA	SBA Express
11/16/2010	7A	1666000	MIDWEST BK NATL ASSOC	PIERCE	Other 7(a)
11/16/2010	7A	216700	MUTUAL OF OMAHA BANK	LINCOLN	PLP
11/16/2010	7A	286000	FARMERS & MERCHANTS BK - ASHLA	ASHLAND	RLA
11/16/2010	7A	620000	FIRST NATIONAL BANK	SIOUX CENTER	Other 7(a)
11/16/2010	7A	500000	CENTENNIAL BANK	OMAHA	Other 7(a)
11/16/2010	7A	85000	U.S. BANK NATIONAL ASSOCIATION	CINCINNATI	SBA Express
11/17/2010	7A	288000	PINNACLE BANK	LINCOLN	RLA
11/18/2010	7A	1000000	UMB BANK, N.A.	KANSAS CITY	SBA Express
11/18/2010	7A	990000	UMB BANK, N.A.	KANSAS CITY	PLP
11/18/2010	504	534000	NEBRASKA ECONOMIC DEVEL CORP	LINCOLN	504
11/19/2010	7A	93000	CENTRIS FCU	OMAHA	SBA Express
11/19/2010	7A	200000	CITY BANK & TRUST CO.	LINCOLN	RLA
11/23/2010	7A	490000	UNION BANK AND TRUST COMPANY	LINCOLN	PLP
11/23/2010	7A	405000	WELLS FARGO BANK NATL ASSOC	SIOUX FALLS	PLP
11/23/2010	7A	318000	COLUMBUS BANK & TRUST COMPANY	COLUMBUS	RLA
11/23/2010	7A	34900	RICHARDSON CNTY BK & TR CO	FALLS CITY	Comm. Express
11/23/2010	7A	329800	BANKFIRST	NORFOLK	RLA
11/24/2010	7A	504000	WELLS FARGO BANK NATL ASSOC	SIOUX FALLS	PLP
11/26/2010	7A	150000	ADAMS BANK & TRUST	OGALLALA	Patriot Express
11/26/2010	7A	150000	WELLS FARGO BANK NATL ASSOC	SIOUX FALLS	SBA Express