

U.S. Small Business Administration Ron Johnson Interview with Kenan Pankau (4-15)

Ron Johnson: Entrepreneurs must have a solid financial plan and access to capital to survive. Another viable part of staying in business is paying your bills on time. The U.S. Small Business Administration has several loan programs to help small business owners pay those bills.

Hi, I'm Ron Johnson with the SBA, Your Small Business Resource, and with me today is Kenan Pankau. He is a program manager at Randolph Brooks Federal Credit Union in South Central Texas. Kenan, it's great to have you in the program.

Kenan Pankau: Well, thanks, Ron, for the chance to discuss the ways our credit union has supported the small business community with SBA lending. I really appreciate the opportunity.

Ron Johnson: Randolph Brooks Federal Credit Union is doing some incredible things in Texas to help small businesses. Can you tell us about it?

Kenan Pankau: Well, Ron, basically we're providing the loans that are needed to stimulate our recovering economy and also help small businesses grow and thrive in South Central Texas. Right now, we currently have more than 400 SBA loans in our portfolio for about \$22 million and through our lending efforts we have helped South Central Texas businesses to create and maintain almost 1,000 jobs in the past two years.

Ron Johnson: Now, Kenan, what type of SBA loans do you offer and what kinds of businesses can best take advantage of these loans?

Kenan Pankau: Well, as a preferred lender and an express lender, we offer a wide variety of SBA loans: the 7(a) Loan Program and we are also an experienced 504 lender, we offer Patriot Express Loans and regular standard 7(a) Express Loans and we also, again, have that preferred lender status. What this allows for is for our members to obtain SBA loans more quickly and in the event that the loan is an Express Loan, oftentimes with less documentation than is normally required through that program.

Ron Johnson: What kind of business can apply for an SBA loan and what kind of credit should they have?

Kenan Pankau: Well, that's a good question, Ron. First of all, my advice would be to seek out active SBA lenders in the borrower's area. Many SBA district offices maintain lists of lenders for that particular district who are lending. Each lender, of course, will have their own unique loan application paperwork but the SBA promulgated forms are standard throughout the nation. Many credit unions across the nation are engaging in SBA lending and are proving, really, to be a viable source for business loans. If an applicant has a relationship with their local credit union, well, it might be wise to approach them for assistance. Of course, other financial

institutions across the nation offer SBA guaranteed loans as well so there are really many options for a borrower.

Now, regarding what type of credit an applicant should have, well that varies from lender to lender, of course, but having strong management experience, having an equity stake in the project, some “skin in the game” so to speak, having a positive cash flow, those things always help. And they might, in some cases, actually make up for some minor credit deficiencies. For one, Randolph Brooks encourages a strong relationship with the borrower. In fact, we were one of the first lenders in our area to consider lowering an interest rate based upon a borrower’s overall relationship with us. So those are key elements of what to do.

Ron Johnson: Kenan, what advice do you have for small businesses interested in applying for your SBA loans?

Kenan Pankau: Well, we recommend that businesses be prepared. That they prepare a detailed business plan that includes specific goals and the plan that they actually intend to use to reach their goals. When our businesses are well prepared and have a strong plan for financial success, we’re more apt to back them confidently. Having a borrower who is easy to work with in supplying documentation and the needed things or things that are needed for the loan also help greatly.

We have one really good success story where a young gentleman, he had this dream of creating an innovative business and he was frustrated with the lack of cooperation that he was getting from other financial institutions. His idea was to create a unique gaming experience for videogame enthusiasts. When we saw that his business plan was sound and had potential, we decided to provide him with a small business loan and you know what? Months later his young company is thriving and exceeding his projections.

Ron Johnson: I understand that you are the number one lender in Texas for the Patriot Act loan and number four in the nation, congratulations Kenan. What strategies do you use to attract that group?

Kenan Pankau: Well, you know that Randolph Brooks began on one of our local air force bases here in San Antonio in 1952. As you may know, San Antonio sometimes is called “Military City, U.S.A.” because of the many air force bases that we do have located in our city. Now, although Randolph Brooks currently serves many other community groups and organizations, the relationship with our local military forces is still widely well known and appreciated. In fact, sometimes we have to let people know that we are more than a military credit union and that other people can apply for our loans and services.

Recently we have had some great companies come to us for financing because of a recent billboard marketing campaign. One company in particular, it’s called “The Bagel Factory,” they came to Randolph Brooks because they saw one of our billboards referencing our SBA lending program. Several other institutions had turned them down because weren’t interested in financing a restaurant venture. Well, this couple happened to be a retired military couple and they were able to qualify for a Patriot Express Loan with us. Because of the lending relationship

they've developed with us, they're successful and growing and, again, they also have already surpassed many of the goals that they have outlined in their business plans.

Ron Johnson: Where can a small businesses owner go for more information?

Kenan Pankau: Small businesses owners are more than welcome to visit our website which is www.rbfcu.org for more information on business lending programs. Any of our business lending officers would be happy to speak with them and provide more information about products, services and various opportunities that we provide. Of course, nationally, going directly to www.sba.gov, that will be also very enlightening. There are so many changes right now with new programs coming out as a result of the American Recovery Act and those changes, which are ever evolving, are spelled out very nicely on the website there for SBA and so one can stay in tune that way.

Ron Johnson: Well, Kenan, we both know, owning a small business is a part of the American dream. SBA offers various financing options through lenders across the country to help make those dreams come true.

Our thanks to Kenan Pankau, Randolph Brooks Federal Credit Union for sharing about SBA lending and how his company is assisting small businesses. For more information, visit SBA's website at www.sba.gov. Until next time, this is Ron Johnson, from SBA, Your Small Business Resource.

[End of transcript]