

Notes From The Corner Office

David K. Main, President HCDC

My "Notes" for this edition of our newsletter truly are notes. There are a couple of important things we've published here before that I've found necessary to repeat. They're just short notes now, but the content remains important. And I'll end with some good new news.



CASH PAYS BILLS

Having dealt with numerous small business start-ups and entrepreneurs for nearly 30 years, one factor that separates business success from failure is a CEO or owner's ability to heed the words "cash pays bills." These are the three most important words for business financial success. Operating profits, while an important source for working capital do not pay bills. Inventory does not pay bills. Receivables do not pay bills. And fixed assets, such as land, building and equipment do not pay bills. Only cash pays bills. Suppliers, creditors and employees will have virtually no interest in doing business with, or being employed by, a venture that can't pay - with cash.

Many businesses have enjoyed sales and profit successes, and yet have failed, because they were unable to produce a positive operating cash flow.

UPDATE ON SBA 504 CHANGES

Brand new SBA 504 regulations allow all certified development companies to have statewide jurisdiction within their states of incorporation. HCDC is a certified development company, certified by the U.S. Small Business Administration to provide small business loans through the federal government's Section 504 loan Guaranty program. We can now provide loans throughout all of Ohio. In addition, another provision that allows CDC's to expand across state boundaries within a "local economic area" was also approved, but the SBA is required further policy direction before it could be implemented. Well, the procedural notice for local economic area expansion was just promulgated on December 16th. Many CDC's across the nation, including ours, are in the process of proceeding with this expansion effort. I'll keep you posted.

SUBURBAN HAMILTON COUNTY SEES OVER \$172 MILLION IN NEW INDUSTRY INVESTMENT DURING FOURTH QUARTER 2003

Eleven businesses, led by the Ford Motor Company which is retooling its Sharonville Transmission Plant for production of a new 6-speed automatic transmission, have invested more than \$172 million in Hamilton County during the just-finished quarter. A total of 3,285 jobs are being retained with 160 new positions created as a result of these investments. While manufacturers continue to face challenges in today's economy, Hamilton County is blessed with a wide array of manufacturing firms. Their range of sizes and diversity maintains and continues to grow our local economy.

Give me your thoughts on "The Development Source" at maind@hcdc.com.

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Location, Location, Location — Hamilton County Has Room For Your Business To Grow



By *Daniel Ferguson*, Development Specialist

A common misperception is that no space is available for companies looking to locate or expand in Hamilton County. Nothing could be further from the truth. HCDC's Economic Development Office (EDO) tracks available land and buildings throughout Hamilton County. Requests come into our office daily from companies, realtors, community leaders and state economic development representatives wanting site location assistance. We gladly respond to all requests for information.

Also, hundreds of available sites and buildings can be found by visiting www.hcdc.com and clicking on the "Sitetracker" tab. If you discover that an available site or building is not listed, please feel free to contact us at sitracker@hcdc.com.

Everyone knows that "location, location, location" is a cornerstone of real estate. There are many competitive advantages to locating in Hamilton County - such as access to diverse labor force, proximity to various transportation options, wide selection of professional services, established zoning, extensive social networks and cultural amenities.

Often companies are informally considering expansion or relocation, but are unsure where to start. EDO is more than happy to work with companies on a confidential basis to identify opportunities free of charge.

If you would like to find out how Hamilton County has room for your business to grow, please contact the Hamilton County Economic Development Office at (513) 631-8292.

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Take a Second Look at 504!



By *Abby Stevenson*, Loan Processor

Many loan applications that banks decline deserve a second look. Businesses looking to expand by purchasing a new building, or new equipment, may fall through the cracks and never see the light of day. This is where the SBA 504 program comes into play.

The SBA 504 loan program is designed to help banks "take a second look" at customers who may not qualify for fixed asset financing. With an SBA 504 loan, up to 40% of the total project may be financed, leaving the bank with only 50% left to finance. What does this mean? It means that the customers can receive up to 90% financing, and have an equity down payment as low as 10%! Interest rates with an SBA 504 loan are competitive, and fixed for the life of the loan (usually 20 years for real estate, 10 years for equipment).



Types of businesses eligible for this program include: manufacturing, wholesale, service, professional service, or retail. Also, "small" businesses include companies with a net worth under \$7 million and net profits after taxes under \$2.5 million.

The SBA 504 process is simple. Take a second look and don't be fooled by first impressions! For more information on the SBA 504 loan program contact Andy Young or Angela Howard at 513.631.8292 or visit our website, www.hcdc.com.

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Doing What We've Always Done, And Doing It Better In 2004



By [Pat Longo](#), Vice President/Director, HCBC

Some say a new year brings an opportunity to make adjustments and to improve for the better. As the Hamilton County Business Center (HCBC) approaches its 15th Anniversary in September, 2004, HCBC is looking to improve on its award winning program that features hands-on assistance and coaching, collaboration, and an entrepreneurial-friendly environment.

In 2004, HCBC anticipates

- Graduating several 7-figure revenue producing companies into the community
- Improving SoundingBoard so as to reach more Greater Cincinnati based innovative and scalable start up ventures
- Participating with UC, Bio/Start, Cincinnati Children's Hospital and CincyTech USA in the initial year of Cincinnati Creates Companies
- Participating in the initial year of the Xavier University Entrepreneurial Learning Lab housed at HCBC
- Upgrading 3 conference rooms to better meet the needs of HCBC clients
- Recruiting several early stage, innovative, and scalable ventures to enter into the HCBC Incubation Program

As you can see, HCBC isn't resting on its laurels. Our challenge remains front and center: HCBC must continue to leverage Greater Cincinnati's entrepreneurial assets to enable entrepreneurs to create, develop and grow innovative and scalable businesses.

If you know of an early stage company that could benefit from HCBC's incubation program, please feel free to contact Patrick Longo at 513.631.8292.

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Done Deals

January Rates

SBA 504: 6.35% (20 years) 5.64% (10 years)
Regional 166: 2.67% | Microloan: 8-10%

A Sample Of Recent SBA, Ohio, And Local
Loans Done With The Help Of HCDC.

Name	Program	Bank	Project	Purpose
Die Craft	SBA 504	Provident	\$813,375	Real Estate
Digital Media Group, Inc.	SBA 504	Fifth Third	\$562,000	Real Estate
Gee's Seasonings Company	Micro	N/A	\$2,000	Working Capital
Patty's Closing Services	Micro	N/A	\$7,500	Working Capital
Seal-Tite, Inc.	SBA 504	Fifth Third	\$1,232,000	Real Estate
Seal-Tite, Inc.	SBA 504	Fifth Third	\$2,983,560	Equipment
Seal-Tite, Inc.	166	Fifth Third	\$2,983,560	Equipment