

Notes From The Corner Office

David K. Main, President HCDC

Putting Your Own Cash In A Business

We often hear surprising answers to a question we must ask of every applicant seeking financial assistance from HCDC. Our question is: How much of your own cash have you invested into your business?

The answer to that question sometimes amazes me. I've heard: "I don't have any money?", "My business is just too risky; I'm afraid to invest any of my own money in it?", and "My money? That's what I thought HCDC is in business for?"

While the first response — lack of money — may be true, most successful entrepreneurs have spent some time working for someone else, saving their money, and then they use their savings to help launch their business ventures.

The other responses, especially saying that a business is too risky, do not give any comfort when we consider a loan application.

Investing one's own cash into a business is a "basic". It's the financial foundation for virtually all small business start-ups. It proves that the entrepreneur has faith in the idea being financed. I can't think of even one successful business in which HCDC has been involved with where the entrepreneur did not have to invest his or her own cash into the venture. The investment may be as small as only 10% of the total amount borrowed, but it is required for new businesses.

Now, it is possible to expand an already-existing business without having investing the entrepreneur's cash. Many expansions have been successful this way. But in order to successfully launch a new enterprise, it is almost essential that entrepreneurs or founders invest their own funds into the venture.

Think about it? If the entrepreneur doesn't have the confidence to put his or her own cash into the venture, why should anyone else?



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Collaborating And Winning All At The Same Time



By *Patrick Longo, Vice President/Director, HCBC*

Hamilton County Business Center (HCBC) has been collaborating with the University of Cincinnati (UC) since the late 1980's. This relationship has been mutually beneficial and it appears to be heading to a new level. Recently, a UC-led collaborative team that includes HCBC, Bio/Start, Emerging Concepts, CincyTech USA and Cincinnati Children's Hospital Medical Center, was awarded a grant of approximately \$600,000 over a three-year period from the National Science Foundation's (NSF) Partnerships for Innovation Program. This prestigious award will support a three-year program designed to establish a formalized mechanism for developing a regional pool of new entrepreneurs capable of succeeding in new company formation and/or expanding existing small size companies.

The collaborative will offer a comprehensive training program that addresses key knowledge, skills and insights needed to be successful in the entrepreneurial arena. Participants in the educational program will be connected to a pipeline of critical resources to take them from the idea stage to successful company formation. As entrepreneurs move through the training stages, they will be

applying the information learned to the creation of their own business plans. Participants who successfully complete the program will be eligible to submit their final business plans in a competition for funding ranging from \$25,000-\$50,000 to support the early implementation needs of their business plans. Successful program participants will also be connected to a range of experts and the Cincinnati SoundingBoard to gain valuable business advice as well as exposure to additional sources of funding.

The new initiative, known as Cincinnati Creates Companies, will be available to prospective clients in the fourth quarter of 2003. To learn more about the grant and what it may mean to your business, please visit www.uc.edu.

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A Seminar To Explain Major Changes In The 504 Program



By *Andy Young, Loan Officer/Vice President, HCDC*

While the SBA 504 Loan Program is over twenty years old, 2003 will be a landmark year in the history of this important economic development financing program. Numerous program enhancements proposed in the SBA reauthorization bill currently before Congress along with regulation changes published by the SBA in the Federal Register on July 8, 2003 will combine to expand HCDC's ability to provide 504 loans to more businesses and in a vastly larger territory.

In anticipation of these changes, and to keep everybody up to date on the nuts and bolts of the 504 Program, HCDC is sponsoring a training seminar on Wednesday, October 1, 2003 at the Cintas Center. The instructors will include Tim Pierce of Lubbock, Texas, immediate past President of the National Association of Development Companies, Tom Woebkenberg of Wood & Lamping, and Tom Owens, VP/Regional Director of Zions Bank Real Estate Securitization Department. Even if you have been involved in a 504 project before, you still need to come to this seminar to learn about all the important program changes and how you might benefit from them.

The enhancements and changes in the 504 Program will have benefits that extend beyond just those seeking loans. This seminar is also an excellent opportunity for lenders, accountants, realtors, developers, attorneys and economic development professionals to receive a detailed understanding of all aspects of the 504 Program from these excellent presenters. For a downloadable registration brochure, please [click here](#). We look forward to seeing you on October 1.

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Does Your Community Have A Brand?



By *Weston Munzel, Senior Development Specialist*

Slogans and images such as New York City's "The Big Apple" and Hershey PA's "The Sweetest Place on Earth" are part of a community's identity. According to David Frank at LPK Design, "A brand reflects the positive attributes associated with your city and can create favorable perceptions for current and future stakeholders."

Creating an identity, or brand, for your community can help sell your town's vision, however it should be part of an overall strategic blueprint aimed at attracting new investment and interest within your town.

In developing a brand, it is important to understand who you are, determine who you want to be and then match your vision with potential customers. Branding can be applied to the economic development realm by preparing pertinent information such as labor costs, transportation amenities and why your area is a great location for that specific type of industry. Results of branding efforts might be attracting new retail options within your business district, creating additional employment opportunities and increasing tax revenues by targeting specific industries to locate in your community.

A local example of a branding or specialization is the City of Reading's Benson Street bridal district. The Benson Street district has established itself as a regional, if not national shopping district for bridal and formal wear and is known as a place that is a "must see" within the bridal sector. However, this type of

reputation is not an overnight transformation; rather it evolves over time once a brand strategy is implemented.

Developing a brand is the first step. Marketing and implementation tools are equally important or the message will not be received. Today's technology such as websites and email newsletters are an appropriate and expected means to communicate your vision within today's information age. Site consultants and individuals expect the web to be useful in their research. A user friendly, factual and simple website can be an important component of your brand implementation strategy. To borrow Nike's slogan, "Just Do It", and begin developing a brand to help place your community's message and opportunities in the minds of potential businesses.

HCDC recently sponsored a seminar on "Promoting Your Community" with David Frank of LPK Design, Christine Bustamante of KPMG Consultants, Neil Hensley of the Greater Cincinnati Chamber of Commerce, Mike Langer of Upright Communications and Jerry Galvin of Galvin and Friends. This article was written based on information presented at the seminar.

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Done Deals

September Rates

SBA 504: 6.70%* | Regional 166: 2.83% | Microloan: 8-10%

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

Name	Program	Bank	Project	Purpose
A Little Off the Tot	Microloan	N/A	\$16,000	Working Capital/ Equipment
Carver Coating Products, Inc.	SBA 504	Sky Bank	\$708,000	Equipment
The Law Office of Rusty Thomas	Microloan	N/A	\$10,000	Working Capital
Murphy Transportation, Inc.	SBA 504	Fifth Third	\$961,000	Real Estate
PlasticraftUSA, LLC	SBA 504	Huntington National	\$341,200	Real Estate

* denotes rate as of August 2003

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