SMALL BUSINESS NEWS

CENTER *for* RURAL AFFAIRS

Spring 2025

Farm & Food Business Loans

Up to $250,000

Our farm and food business loans are available to farmers, food business entrepreneurs, startups, retail businesses, and other food supply chain businesses.

The Center for Rural Affairs believes in building sustainable communities. To serve more diverse community members, we are often more flexible than traditional lenders.

Information and terms:

- Term: Up to 15 years, based on the use of funds and the borrower's needs
- Use of funds: Working capital, marketing expenses, bookkeeping, farm or business insurance, purchasing inventory, etc., equipment and infrastructure such as processing, storage, fencing, fixtures, buildings, irrigation, purchase an existing business, purchase of vehicles, business real estate or other long-term assets, gap financing to complement state or federal grant programs

For more information, visit cfra.org/food-and-farm-business-loans, or contact Meg Jackson at megj@cfra.org or 402.309.9096.

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On the cover: Tuan Pham, owner of Pham's Coffee & Boba in Grand Island, Nebraska.

Protecting your small business: the importance of insurance

By Lori Schrader | Jessie Eby contributed to this article

There is no shortage of tasks to juggle when you're a small business owner. There's one crucial aspect that often gets overlooked in the hustle and bustle of entrepreneurship: insurance.

Does my business need insurance?

In short, yes. General liability and coverage on your assets (equipment, property, etc.) are required if you're taking out a loan, but you should have insurance even if you're entirely self-funded. Insurance is a safety net that can protect your small business from the unexpected. Accidents, lawsuits, and disasters can happen anywhere, and being adequately insured can save you from crippling financial losses by covering the costs of repair, legal fees, and more.

Why insurance matters

- **Financial protection:** Accidents, lawsuits, and disasters can happen to any business. Insurance can help you avoid crippling financial losses by covering repair costs, legal fees, and more.

- **Peace of mind:** Knowing you have insurance can help reduce stress. You can focus on growing your business, knowing you have coverage in the event of an incident.

- **Credibility:** Some clients and partners may require you to have insurance before they work with you. It adds a level of professionalism and trustworthiness to your business.

Types of insurance

- General liability
- Commercial property
- Business income
- Professional liability
- Data breach
- Commercial auto
- Workers' compensation

What about property?

If you lease your business property, you don't have any insurable interest in the building, but you need to insure the contents of the building such as your inventory, tools, etc. If you own a building and have business tenants, you need to have coverage to replace the building in the case of an accident, and to be able to cover an alternative business location for your tenants to use temporarily.

Business Resource

How to get insurance

Shopping around can save you some money in the long run. It's a good idea to begin your search with your auto and home insurance agent. He or she can recommend the types of coverage your business needs, and you may be eligible for certain discounts or deals by staying with the same company. You shouldn't stop there, though. Shop around for quotes so you can compare pricing and coverage. Don't overlook independent insurance agents; they often have a greater variety of quotes at reasonable prices.

Insurance is an investment in your business' future. It might seem like an added expense now, but it can save you from financial disaster down the road. Taking the time to explore your options and make informed choices now can protect your small business from life's unexpected curveballs.

Read more at cfra.org/blog.

Business owner offers Grand Island residents a fresh way to get their caffeine fix

By Liz Stewart

Pham's Coffee & Boba in Grand Island, Nebraska, is not a typical coffee shop. From placing an order to taking the first sip, customers are in for an immersive, educational, and delicious experience.

When Tuan Pham opened his shop in August 2023, he wanted to give residents something they'd never tried before, and he succeeded, in part because of guidance and a loan from the Center for Rural Affairs. He's now in the process of opening a second location.

"The Center has been an awesome resource," Tuan said. "When we got a loan, there were requirements for a full business plan, projections, cost breakdowns, etc. I really appreciated that because it forced me to think deeply about things. It made us ask ourselves what success looks like for us. It was nice to be able to talk through that."

Jessica Campos, the Center's Women's Business Center director, has been there to assist Tuan when needed.

"Tuan is an innovative business owner and ongoing entrepreneur," said Jessica. "He has helped start a few family businesses and continues to grow as a small business owner."

After purchasing property in April 2023 that contained both a house and a commercial building, Tuan and his now wife, Alyssa, contemplated the best approach to using the extra space. After much discussion, they decided to open their own business.

His desire to offer customers something new and different led him back to one of his favorite beverages: boba. Pham's Coffee & Boba came to life several months later.

Tuan had worked with the Center several years earlier when he and his former business partner started a trucking company. He kept the Center in mind for future entrepreneurial endeavors, and he reached out for help again.

He got a loan in summer 2023 to buy inventory for his coffee shop.

In the months leading up to opening the shop, Tuan spent a lot of time doing social media marketing. By the time the shop had its grand opening, many customers who had never tried boba before came because of the hype.

Since opening, Tuan has made an effort to stay connected with the community and offer support to other local businesses. One example is Tuan's involvement with the Central Nebraska Humane Society. He made gift baskets filled with items from his shop which are offered to people who adopt animals who have been there the longest. Tuan paid for some adoption fees, as well.

Tuan also collaborates with the local library and has taught a class to young children where they learned how to make boba, as well as where it comes from and its history. He did a fundraiser with a local nursing home, too. He donated a portion of sales to provide the residents with supplies they needed.

In return, Grand Island has shown a great deal of support to his shop, Tuan said.

"These cooperative efforts not only help out local organizations, they also allow us to reach new customers through social media and have the opportunity to market our business and brand on the partners' social media," he said.

Spreading the word to the community is only Tuan's first step in building his customer base. The business owner also takes great pride in giving customers an education on what boba is, where it comes from, and helping them find the right flavor combinations.

Tuan Pham opened his shop in August 2023 with guidance and a loan from the Center for Rural Affairs. He's now in the process of opening a second location. | Photo by Carmen Montes

Boba are bite-sized, chewy balls of tapioca in either juice- or tea-based drinks, combined with milk and ice. Sometimes people use the term "boba" to refer to the entire drink. Others call the beverage boba tea or bubble tea.

Boba drinks account for 80% of Tuan's business, and customers can find a variety of fruity boba flavors on the menu. They can also order coffee drinks like lattes, Americanos, and more.

Along with boba, Tuan specializes in Vietnamese coffee. Vietnam primarily grows robusta coffee beans, famous for their strong taste and high caffeine content. Tuan adds condensed milk to make traditional Vietnamese coffee, served hot or iced.

Tuan has been extra busy recently as he renovates a space to open a second location of Phạm's Coffee & Boba on the north side of Grand Island. The original location has very limited space, and allows only for customers to order and go.

Tuan hopes to open the second location soon. He employs four to five people, including himself and his wife, at the original location and plans to hire four or five new staff members for the second location.

"We try to provide a healthy, fun, engaging work environment, and that shows differently through our staff members," Tuan said. "You have to have happy staff members to have happy customers."

He also dreams of adding a full kitchen to the second location at some point and offering more specialty food items. He feels grateful for how smoothly opening the shop has gone, and for everything he's learned along the way.

Are you in need of financing to expand or upgrade your business? Contact information for our loan specialists can be found on page 10.

What is a credit score?

By Jessica Cabán | Jessie Eby contributed to this story

Credit is a tool that allows you to borrow money or access goods and services with the understanding that you'll pay for them later. It is an important component of personal and business finances, enabling large purchases like homes or vehicles, or allowing small businesses to invest in their growth. Our financial system relies on credit reports and scores (or lack thereof) to determine whether to approve loans and credit applications and to determine the interest rates applied.

A credit score is a number that represents your current credit-worthiness. Essentially, it gives lenders an estimation of how likely you are to repay a loan on time based on your credit history. The most commonly used credit scoring system assigns numbers ranging from 300 (poor) to 850 (excellent).

Your credit score is linked directly to you through your Social Security number or your Individual Taxpayer Identification Number (ITIN). If you have no credit report, you will not have a credit score.

▶ Is a business credit score different from a personal credit score?

A business credit score is separate from a personal credit score and is based on the financial health and credit activity of the business. It's linked to the business through an EIN (although sole proprietors may use their Social Security numbers) and is reported by agencies. It's important to note that if you're a sole proprietor or small business owner, lenders often consider your personal credit score in addition to your business score.

▶ Why is a personal credit score important for small business owners?

A strong credit score can open doors to new opportunities for small businesses, especially early on. From locking in lower interest rates to building trust with potential investors or partners, your personal credit score matters.

Loans: If you're planning to take out a loan for your business, lenders might look at your personal credit score to determine whether you qualify for business financing. A higher credit score often will lead to a lower interest rate.

Insurance: Some insurance providers use credit scores to help determine rates, with higher scores usually resulting in lower premiums.

Business relationships: A good credit score can help you negotiate favorable payment terms with suppliers, build trust with potential investors or partners, and ultimately indicates reliability.

Managing cash flow: Access to affordable credit can help a business owner manage cash flow and emergencies in slow seasons, avoiding predatory lenders or over-indebtedness.

Ultimately, having good credit allows a business owner to save, improve financial stability, and lead to increased financial security.

Where can I find my credit score?

Free weekly online credit reports are available through annualcreditreport.com. Reports from Equifax, Experian, and TransUnion are also available. Keep in mind, other sites may charge you or fraudulent sites could be set up to steal your personal information. In addition, you can review your credit information through your bank or credit card provider's online app. You can also use free credit monitoring services like Credit Karma or Credit Sesame. It's important to know your score will likely vary depending on the scoring model used. However you choose to monitor your credit, be consistent in the source.

What steps can I take to build my credit score?

- Make regular, timely payments
- Avoid maxing out your credit accounts
- Maintain credit history
- Be strategic with applications
- Diversify your credit mix

What should I do if I have bad credit?

Everyone's credit journey is different; shaped by a combination of experiences, education, and access to credit products. Credit can be a sensitive topic, and it's important to acknowledge that while scores are significant, we are all more than just a number. Regardless of your starting point, you can take steps to improve your credit and build a healthier financial future.

Address credit report errors: Errors can negatively affect your credit score and may even indicate identity theft. Disputing and correcting these mistakes is a critical first step in ensuring your credit report accurately reflects your financial history.

Take care of delinquent accounts: If you have delinquent accounts, focus on bringing them up to date. Late payments will remain on your credit report, but getting the account current stops further damage and shows lenders you are working to rebuild trust.

Pay down active debt: Reducing outstanding balances, particularly on revolving accounts like credit cards, can lower your credit utilization ratio—a major factor in your credit score.

Seek credit counseling if needed: If managing debt feels overwhelming, don't hesitate to seek professional guidance.

Focus on credit building: While addressing existing debts, also work toward building a stronger credit profile. Consider affordable tools like secured credit cards or credit builder loans to establish a positive payment history.

We provide credit coaching and can help you navigate your unique financial situation. Contact us at loans@cfra.org or connect with a lender on page 10.

Our loan products

Apply at cfra.org/loans

Small Business Loan

Up to $250,000 for working capital, equipment, inventory, and real estate.

Express Loan

For borrowers with credit needs less than $20,000. Fewer documents and faster decision.

Meat & Poultry Processing Loans

Loans between $50,000 and $5 million for expansion of existing business, startup of new business, real estate purchase, facilities update or expansion, equipment purchase, energy efficiency upgrades, purchase of an existing business, or working capital.

Food & Farm Business Loans

Up to $250,000 for working capital, marketing expenses, bookkeeping, farm or business insurance, purchasing inventory, etc.; equipment and infrastructure such as processing, storage, fencing, buildings; purchase an existing business; purchase of vehicles, business real estate, or other long-term assets; or gap financing to complement state or federal grant programs.

Home loans

At this time, we are pausing new mortgage applications as we work to secure additional funding to continue supporting homebuyers. We appreciate your patience and encourage you to email us at loans@cfra.org for updates. In the meantime, smaller home improvement loans may still be available.

Business development services

Business counseling

Business development specialists are available for free consultations on business troubleshooting, cash flow and budget, loan packaging, and more.

Loan specialists

We have a statewide network of loan specialists ready and willing to help you along your small business journey. Find your specialist on pages 10 and 11.

Events and networking

We host various workshops and networking opportunities focused on small businesses. To stay up to date, visit cfra.org/events.

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Business spotlight

90th St. Auto Center

Owner: Faustino Lopez Barcenas

Took over ownership: April 2022

Location: Omaha, Nebraska

Industry: Automobile

Type of assistance: Business loan, one-on-one counseling. The loan was used to purchase the buisness.

About the business: The business' main focus is selling affordable used vehicles, and occasionally providing towing services.

In Faustino's words: "My favorite part of owning this business is that at the end of the day all the profits are mine, so the more work I put into it, the better the day goes, and the more profits I make. If you want to start your own business, don't give up. At the end of the day, if you keep going, you will be the one who will emerge victorious."

"The Center is excellent, and the people who helped me are very knowledgeable and have the answers to everything. Any questions I had, I spoke to them and they told me exactly what I had to do to succeed."

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Our team serves small businesses across Nebraska!

Lending Team

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