

# SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

SUMMER 2022



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LEARN FROM MISTAKES, AVOID PREDATORY LENDERS

Don't fall prey. Learn from past clients' mistakes.

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# HOUSING LOANS AVAILABLE

Little to no credit history or low credit score? We may be able to help.

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



\$5,000 TO \$100,000

## Information and terms:

- Term: Up to 15 years and will be amortized over up to 30 years
- Down payment: We do not require applicants to provide a down payment on property to be purchased. However, applicants who provide a down payment may be eligible for discounted interest rate
- Use of funds: Purchase of home, owner occupied rehabilitation or renovation, emergency repair to a property.

For more information, visit [cfra.org/homeloans](http://cfra.org/homeloans), call 402.687.2100, or email [loans@cfra.org](mailto:loans@cfra.org).



CENTER *for* RURAL AFFAIRS

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On the cover: Lynsi Steed, owner of Red Door Coffee | Photo by Kylie Kai



# TIPS FOR DEALING WITH INFLATION

BY JESSICA CAMPOS, WOMEN'S BUSINESS CENTER DIRECTOR

During the first quarter of 2022, 85% of small business owners said their business was being affected by inflation, and 67% had already been forced to raise prices, according to the U.S. Chamber of Commerce.

Inflation can be catastrophic for small businesses, and many owners are worried. However, small businesses can be more flexible and responsive to shifts in markets and in demand than their larger counterparts. They are able to meet local demands easier.

So, how can you deal with rising costs, falling profit margins, and increased lead times? Here are some steps you can take:



Resist the urge to wait it out. Financial adjustments may be needed. It'll take awhile for things to get back to normal.



Streamline and automate processes. This could mean organizing products with new shelving or using new software to automate order taking, billing, and collecting payments.



Analyze profit margins on a product or service basis. When did you set your prices on products or services? Are you regularly reviewing these prices to make sure they're adequate? Review margins at least quarterly.



Improve productivity. Work more efficiently and your profit margins will be higher. Take a look at technologies that track and improve productivity.



Look for opportunities to save. If your business is paying for products or services that aren't being used, cancel those items. Consider substituting materials.



Stock up on supplies now. Don't wait until the last minute to order core materials. This may also save you money while prices keep rising.



Develop a process to raise prices. No one wants to raise prices, however, this may be helpful in combating inflation's effect on your business. During this period, it's useful to build in additional wiggle room, as it's not feasible or advisable to change prices frequently.



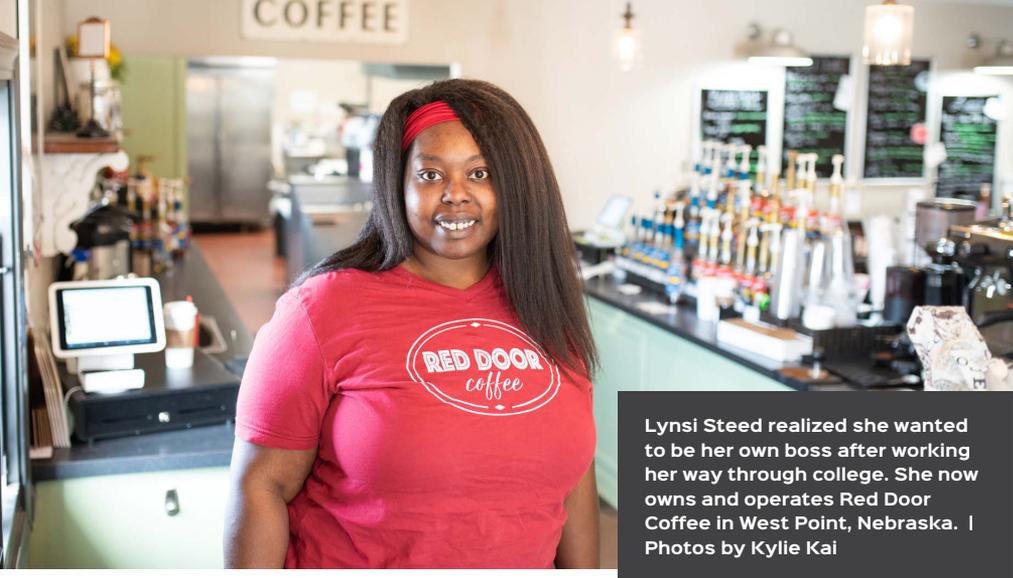
Be ready for new customers. Your target market may change, so go after those new customers.



Be flexible and put your business first. Resist accepting smaller margins to assist your customers through this difficult time. The business will not be able to sustain the resources it needs to survive. If you fail, this hurts you, your customers, and your community.

And, lastly, the Center is here to help. Call our business development specialists for assistance: Raul at 308.833.0260, Vicky at 402.380.3353, or Brissa at 402.870.2749. 📞

COACHING



Lynsi Steed realized she wanted to be her own boss after working her way through college. She now owns and operates Red Door Coffee in West Point, Nebraska. | Photos by Kylie Kai

## COFFEE SHOP OWNER ENJOYS THE PERKS OF BEING HER OWN BOSS

BY LIZ STEWART

From running a pastry hobby business to owning a successful coffee shop, Lynsi Steed is living her best life and loving being her own boss.

After realizing that opening a storefront for her pastry business wouldn't be profitable on its own, Lynsi turned to her local Chamber of Commerce for resources to help her achieve her entrepreneurial dreams. With a referral from the chamber, she contacted the Center for Rural Affairs for assistance in starting her business and found an avenue that led to success.

Working alongside Lori Schrader, loan specialist for the Center, Lynsi received a loan from the Center in December 2019 and purchased Red Door Coffee in West Point, Nebraska and merged it with her bakery.

Lynsi got the pieces to fit thanks to assistance from the Center and a few months of on-site support from the pre-

vious owners to navigate the ins and outs of operating the coffee side of the shop.

"Owning my own business wasn't necessarily what I had in mind for my life until I went to college and realized why I was so unhappy working for other people," she said. "I finally figured it out, that this was what I meant to do, that I was meant to be my own boss."

In addition, Lori referred Lynsi to local business experts who taught her best practices to maximize profits.

"I have had several visits to the shop and worked with Lynsi to get some technical assistance for her bookkeeping, which helped take a lot off of her shoulders," said Lori. "She has remained open during COVID-19, due to having a drive-thru, which saved the business. Lynsi isn't afraid to work hard, and totally enjoys owning her own business."

Lynsi advises anyone who wants to open a business to do their research first.

“Once you figure out what you want to do, make sure you know everything you can about the business,” she said. “My biggest thing is to embrace the pressure, because there will be pressure, and it’s all in the way you handle that pressure.”

Lynsi knows about working under pressure all too well, from learning how to operate a coffee shop and decorating custom baked goods to keeping her business open throughout the pandemic. Despite the stress, she’s grateful for the opportunity to have her own successful business.



“Being my own boss has definitely been a big draw,” she said. “Being able to make decisions for myself without having to verify with a line of people, and being able to do what I truly love has made being a business owner really wonderful.”

Residents of West Point, and those traveling through town, can find a variety of goods at Red Door Coffee, a full-service coffee shop. Lynsi and her four part-time employees sell delicious beverages, including coffee, tea, and smoothies. They offer a breakfast menu, and serve lunch Monday through Friday. Additionally, she sells baked goods, including custom-decorated cakes, cookies, pies, and more.

Down the road, Lynsi hopes to expand and open branches in area communities, and knows she can count on the Center to help.

“I absolutely trust the Center. Lori has been the best adviser I could possibly ask for,” said Lynsi. “She’s always super helpful and answers all my questions. Everybody at the Center has been great.” 🐰



# LEARN FROM MISTAKES, AVOID PREDATORY LENDERS .....

Cash flow is the lifeblood of your business. It's essential to replenishing inventory and paying operating expenses like leases, utilities, and salaries. When cash runs short, credit cards and online lenders tempt business owners with quick and easy financing. However, that easy money can come with staggering, and sometimes hidden,

costs. If a loan looks too good to be true, it likely is.

At the Center, we provide first-time loans, loans to returning borrowers, and we have worked with clients to navigate through debt with high interest (in other words, debt with predatory lenders). Here are a couple of examples. The bottom line is, if you need help, reach out to us.



**Client 1:** Took out several high-interest loans to support a growing business and make payroll. Crippled with debt, this business person was on the verge of closing the doors for good.

Turned to predatory online business lenders, making monthly payments of **~\$12,000**, much of which was interest.

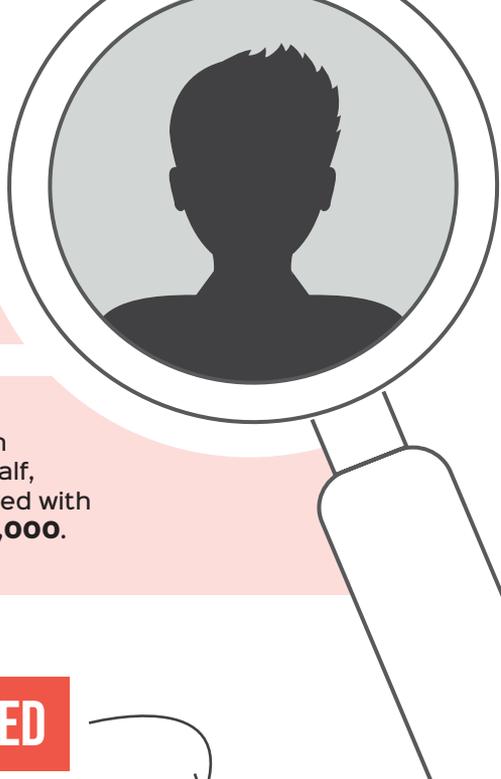
## HOW WE HELPED



REFINANCED THE LOANS;  
REDUCED THE INTEREST RATE BY  
**~70 PERCENTAGE POINTS** AND  
LOWERED THE MONTHLY PAYMENT TO **\$3,000**



PROVIDED FINANCIAL COACHING;  
CLIENT NOW BETTER UNDERSTANDS  
**HOW TO MANAGE BUSINESS FINANCES**



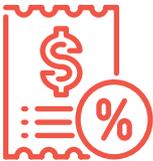
**Client 2:** Bookkeeping was a struggle for this restaurant owner and a quick source of funding was needed to cover business expenses.

Took on more and more debt with predatory lenders including: Behalf, On Deck, and Shop Keep; struggled with monthly payments of nearly **\$16,000**.

**HOW WE HELPED**



**RESOURCE**



LOANED THIS INDIVIDUAL ~\$123,000 TO CATCH UP AND PAY OFF DEBTS; NEW MONTHLY PAYMENT ~\$3,000



EQUIPPED CLIENT WITH EXTENSIVE QUICKBOOKS SKILLS AND ACCOUNTING PRACTICES DURING **ONE-ON-ONE CONSULTATIONS**

# THE CENTER CAN HELP

Visit [cfra.org/lending](http://cfra.org/lending) to apply for loan assistance.



## OUR LOAN PRODUCTS *Apply at [cfra.org/loans](https://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.

### ✓ Housing Loan

Mortgage loans between \$5,000 and \$100,000 are available for purchase of home, owner-occupied rehabilitation or renovation, or emergency repair to a property.



## BUSINESS DEVELOPMENT SERVICES

### Business counseling

Business development specialists are available for 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.

### Start-up checklist

You have a great idea for a new small business. Congratulations! That's the first step. But, you need to do a few other things to turn that idea into a business. We offer an online checklist with actions to get you started. Visit [cfra.org/business-start-checklist](https://cfra.org/business-start-checklist).

### Events and networking

We host various workshops and networking opportunities focused on emergency preparedness, marketing, business plans, social media, specific industries, and more. To stay up to date, visit [cfra.org/events](https://cfra.org/events).



Funded in part through a cooperative agreement with the U.S. Small Business Administration. All SBA funded programs are extended to the public on a nondiscriminatory basis. The Center for Rural Affairs is an equal opportunity provider and employer.

# BUSINESS SPOTLIGHT

**Owner:** Joe Lichty

**Business:** Lucky Joe's Liquor Store

**Opened:** May 2019

**Location:** Neligh, Nebraska

**Industry:** Retail

**Type of assistance:** Business loans



*"His previous experience managing a liquor store gave him the skills and the leg up he needed to open his own business. He is very friendly and a hard worker, and his business has done very well over the last few years." -Lori Schrader, loan specialist*



SPOTLIGHT

## NEED SMALL BUSINESS FUNDING?

LET US HELP.



**\$1,000 – \$250,000**

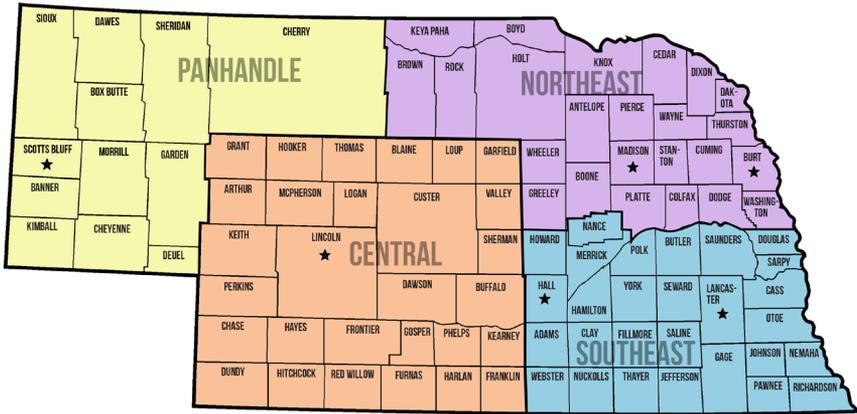
- ✓ Inventory
- ✓ Working capital
- ✓ Equipment
- ✓ Real estate



- Prequalify in as little as 2 days
- Affordable interest rate
- 1 to 15 year terms with fixed rate

# SMALL BUSINESS LENDING STAFF

## SERVICES PROVIDED IN ENGLISH



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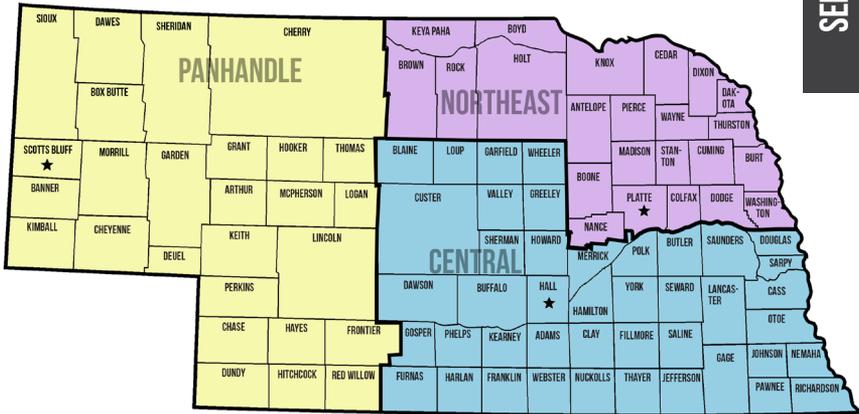
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## QUESTIONS AND APPLICATION PROCESS



[cfra.org/loans](http://cfra.org/loans)



402.687.2100



[loans@cfra.org](mailto:loans@cfra.org)



Join in the conversation. Our loan specialists are now on Facebook.



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