



Need funds for your small business? **FIND RESOURCES THAT MAY HELP HERE**

Running low on funds is a problem many small businesses face; those who rely on federal contracts or otherwise benefit from Uncle Sam are now in the fourth week of a shutdown that is hitting some hard.

Karlene Sinclair-Robinson, who runs the Business Finance Center for the [Community Business Partnership](#) (CBP), is seeing clients who are laying off employees because they have no way of paying them.

With the Small Business Administration closed as a result of the shutdown, others are unable to obtain loans that are backed by the SBA. Juli Monroe, director of the CBP's Women's Business Center, observed that those loans are often used by established businesses who need working capital while waiting for invoices to be paid. Delays in receiving these loans could create dire situations, she said.

Two options Monroe hopes they will avoid are credit cards and googling short-term business loans and taking what's available. "Yes, you'll get the money today, but you'll find companies with terms that are downright deceptive," Monroe noted, adding that the recipient may think they're paying 18% but in fact, are stuck with excessive levels of interest. The rates on cash advances from a credit card can also be extremely high.

If you're a business owner having to consider cash flow, here are some other options to explore:

- Apply for a microloan. Robinson noted that organizations such as the [Enterprise Development Group](#) specialize in providing loans to small businesses who cannot access capital elsewhere. You can also apply for no-interest small loans (up to \$5,000) through [Kiva](#), which works off the crowdfunding model.
- Look at [Prosper.com](#) and [Lendingclub.com](#), which provide personal loans with larger limits (up to \$40,000 for Lendingclub). The rate will depend in part on your credit rating. (Suggested by Robinson)

- Contact your credit union or bank regarding potential programs. For example, federal contractors and employees who join [FedChoice](#) may be eligible for a short-term furlough loan.
- See whether you qualify for assistance from the [Northern Virginia Family Service](#) if you live in Prince William County.
- Consider short-term employment at [Prince William County Public Schools](#), which is looking to fill temporary spots.
- Ask family and friends. “I hate to bring it up,” Robinson said. Few people like doing this but it’s a smarter choice than tying your hands with a high-interest loan you’ll have to pay back.

Keep in mind that lending institutions are not ATMs so you’ll need some patience and be clear on what you truly need. Also, you’ll need to assemble some information before you apply for loans, such as:

- Proof of business ownership
- Business license
- Tax returns
- Bank statements
- Business plan
- Projected cash flow statement

Personal loans typically require less documentation than business loans – you’ll need items such as proof of identity, and income and employment verification.

Lessons for the Future

Monroe and Robinson offer the following suggestions to fortify your financial situation:

- Start building a reserve for situations like this. Regardless of who your clients are, living invoice to invoice is dangerous.
- Develop a relationship with your banker if you haven’t already. Many small businesses struggle to obtain traditional bank loans under normal circumstances, much less in a quick turnaround or when the world knows your client is not able to pay invoices. However, a banker who knows your credibility and is familiar with your business is more inclined to listen and try to help.
- Diversify your client base. This is stating the obvious, yet it needs to be said. Again, whether or not you work with the feds, resist the temptation to get comfortable on a golden egg. Budgets change and so do staff – the organization that you work with today may scale back or pick someone else tomorrow.

Human Capital Gaps

Cash is not the only asset of concern. If the shutdown continues on much longer, Monroe expects that companies will lose good people as laid off workers find jobs elsewhere. “Tech companies are having that problem,” she said. The good news is that both the county and the region have resources for businesses who are looking for talent, including:

- [George Mason University](#) – Employers can consult with an industry advisor regarding their talent needs and post job listings.
- [Northern Virginia Community College](#) – Employers can post openings (for free) through NoVA’s job portal.
- [SkillSource](#) – Helps employers find workers through circulation of job openings and use of a SkillSource Center to interview potential candidates

- [Virginia Employment Commission](#) – Offers free job postings on local, state and national websites and prescreening and referral of qualified job seekers. More intensive services may also be available from the VEC.

If you'd like to talk to a small business expert and get advice for moving your business forward, contact one of the following organizations:

- [Virginia Small Business Development Center](#)
- [Community Business Partnership](#)
- [SCORE](#) (includes chapters in Haymarket, Manassas, Fairfax, and Ashburn)

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