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Winter No Match for Frozen Dessert Business

By Cathy Sorenson, Community Development Officer, The Loan Fund

Opening a business that sells authentic, made-from-scratch Italian gelato requires substantial startup capital, which is why Daniel Romero and Lori Griego worked hard to get the right ingredients to finance their Frost Gelato Shoppe franchise.

While approval was quick from The Loan Fund, a private nonprofit micro-lender in New Mexico, the amount of money the pair needed to launch the business required contributions from two other parties: micro-lender ACCION and Los Alamos National Bank.



It was worth the effort, Romero said. Business is better than he anticipated at the franchise's ABQ Uptown mall site — especially considering that his frozen-dessert shop opened in late November, on the cusp of a bone-chilling winter.

The Real Thing

Frost makes gelato the way it's made in Italy, Romero said. All the ingredients, except the milk and sugar, are imported from Italy, as are the processes and equipment used to make it fresh daily.

Gelato is a frozen dessert with a centuries-old history in Italy, though early incarnations originated in Asia 3,000 years ago. It's more intensely flavorful than gourmet U.S. ice creams, because it contains a third of the butterfat and a fraction of the air found in those products.

Pitching his product to people unfamiliar with genuine gelato is a risk, Romero acknowledged, but he's confident that once people taste the real deal, their sophisticated taste buds won't settle for substitutes.

Finding Funds

Albuquerque is one of four cities in the U.S. that has a Frost Gelato Shoppe. Romero visited the Tucson and Phoenix stores while developing his business plan, and he took that plan to several banks before approaching The Loan Fund, a major provider of loans, training and business

consulting to New Mexico entrepreneurs, business owners and nonprofits.

“The Loan Fund was a great partner to work with,” Romero said. “While it couldn’t fund the entire project, it worked with us all the way. We went to a lot of banks for financing, but [most lenders] didn’t have a lot of appetite for startups. Most didn’t even look at our numbers.”

Loan officers applauded the pair’s tenacity, vision, work ethic and enthusiasm in never giving up on their dream of becoming business owners. The Loan Fund looks for clients with these characteristics, including many who don’t fit the lending guidelines required by traditional lenders. The organization has demonstrated its ability to spot reliable small-business clients like Romero and Griego, judging by the New Mexico Small Business Investment Corporation’s recent decision to increase public funds available for such loans to \$10 million — an increase of \$1.5 million.

NMSBIC is one source of investment money that both The Loan Fund and ACCION draw upon to stimulate business growth in New Mexico; the public corporation uses community development lenders to distribute that money and to manage the loans.

For more information about The Loan Fund, visit www.loanfund.org. To learn more about Frost Gelato Shoppe products, go to www.frostgelato.com.

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