

## **Accion Loan Helps Couple Expand Tea Business Beyond New Mexico**

*By Justin Hyde, Accion Loan Officer*

Hoa Tran Luong and her husband, Vi, were in a relatively enviable position when they approached Accion New Mexico · Arizona · Colorado in 2012 for a loan to expand their Boba Tea Company beyond Albuquerque.

The Luongs had financed their own startup in 2005 using money from another Albuquerque business — Noble Collectibles. Over the next seven years, that first Boba Tea Company location spawned four more stores.



“Boba Tea came to us with strong fundamentals in place for their loan request and a great vision of the next stage of their business’ growth,” said Jordan van Rijn, a senior loan officer at Accion.

Hoa said she liked how the microlender was willing to work with her and Vi to put together one of Accion’s largest loans ever: a five-year drawdown line of credit for \$300,000. Because she and her husband had built a successful enterprise without ever borrowing money, Hoa worried that they wouldn’t have enough of a credit history to suit a traditional lender, even if their track record demonstrated that the couple had a brand to bet on.

“We are very much a branded company — everything has to look and feel the same” from location to location, Hoa Luong said of the company, which sells the tea-based sweet “boba” drinks that originated in Taiwan in the 1980s.

Boba Tea Company sites its stores exclusively in high-end malls, where the Luongs can find their target customers: 15- to 21-year-olds with disposable income and a willingness to try something different. The drinks are priced on a par with gourmet coffee drinks, but Hoa said they’re also meant to be fun.

Her company’s theme is “suck it up,” a reference to the tapioca pearls that come with the boba drinks and are sucked through a large straw and chewed. The company reaches and interacts with its client base using social media sites like Facebook.

The loan to Boba Tea Company will help the Luongs set up shop in a Phoenix-area mall, van Rijn said. While Accion more typically arranges loans in the tens of thousands of dollars to startups or businesses with minor credit, cash-flow or collateral blemishes, the microlender is

hearing from more business owners seeking larger loans to fuel expansion or renewed growth.

“Accion’s traditional role as a microloan lender is evolving with the economy,” van Rijn said. “We are now issuing larger loans for small businesses that may not quite fit current underwriting guidelines at a traditional bank.”

The typical Accion client also needs or wants mentorship and referrals to community resources that provide technical assistance and training. The Luongs were far along in their business and didn’t need those services; nor did they need to participate in Accion’s workshops on small business and financial and personal development.

But it wasn’t always easy, Hoa recalled. “There was a period when it was hard. You have to have that capital to back your endeavor for about five years, and you need to ride [it] out while building your customer base. Accion has made us more bankable and helped us build our credit.”

Since 1994, Accion has underwritten more than 4,900 loans totaling over \$34.4 million to some 3,000 small businesses in 177 communities across the state. For more information about Accion, visit [accionnm.org](http://accionnm.org) or call 800-508-7624.

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