



Article 409

August 2, 2015

## **Business Development Services Help Clients Improve Bottom Line**

*By George Kenefic, Director of Enterprise Empowerment, The Loan Fund*

By the time a client gets a loan from The Loan Fund, she's in a committed partnership with the nonprofit lender. That's because The Loan Fund offers business development consulting to all potential clients — not just those who receive loans.

The Loan Fund loan officers provide “pre-loan consulting” the moment they receive an inbound call or greet an office visitor. And consulting continues after the client walks out the door — either to get more prepared or to start putting the loan money to work building a business, creating jobs and improving communities. The Loan Fund is fully invested with the people whose business startup and expansion plans it helps finance —even with those who aren't ready for a loan.



### **Pre- to Post- Loan Assistance**

To fulfill its mission “to provide loans *and assistance* to improve the economic and social conditions of New Mexicans,” The Loan Fund offers the kind of advice and support that help businesses grow and reach sustainability.

But even if the business isn't ready for a loan right away, the owner benefits by talking with The Loan Fund. If a loan officer sees the business isn't ready for a loan, she can help the business owner develop a strategic plan or refer him to the Small Business Development Center or WESST, where the applicant can attend business-training workshops.

In 2014, The Loan Fund provided 4,000 hours of business development services — the equivalent of one full week of consulting to every one of its clients.

The Loan Fund and its clients share a mutual benefit in ensuring that a client's business is sustainable or is growing. When a loan recipient succeeds in business and repays the loan, those funds become available to other businesses, many of which might not qualify for a loan from a traditional lender.

If a business fails and the client defaults, those funds are lost, and that makes it harder for The

Loan Fund to ask its funders — the New Mexico Small Business Investment Corporation, USDA Rural Development and the Small Business Administration, as well as private donors — for more loan capital.

In fact, such pre- and post-loan assistance is required by some state and federal organizations. For example, when the SBA initiated its relationship with The Loan Fund in 2011 by providing \$750,000 in funds for small-business loans, it awarded an additional \$170,000 to underwrite technical assistance services.

That money allowed The Loan Fund to hire professional consultants with intimate knowledge of local markets. Two consultants now serve the northern region from Santa Fe, another serves Southern New Mexico from Las Cruces and the central region is served from The Loan Fund's office in the Barelás neighborhood of downtown Albuquerque.

At least once a year, a Loan Fund consultant is required to visit each loan recipient to observe how the business is doing and look for managerial or other weaknesses that are hobbling its growth. Naturally, these visits are much more frequent when the client requests assistance for specific challenges.

## Assistance Helps

Since its inception and initial funding in 1989, The Loan Fund has loaned \$61 million and helped create or preserve more than 8,000 jobs across New Mexico. In the past 18 months, the organization loaned businesses — 80 percent of which are owned by women or minorities — more than \$9 million. That translates to 17 startups per year over the past five years.

For more information about The Loan Fund, visit [www.loanfund.org](http://www.loanfund.org) or call [505-243-3196](tel:505-243-3196).

*Finance New Mexico is a public service initiative to assist individuals and businesses with obtaining skills and funding resources for their business or idea. To learn more, go to [www.FinanceNewMexico.org](http://www.FinanceNewMexico.org). Sponsored by:*

