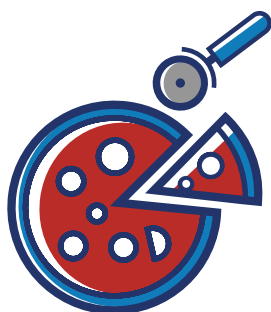


FUNDING PROGRAMS

Financing Your Small Business



HOW I DID IT

Serving up a Slice of Small Business Success

Rachel Kalenberg called on the SBA to help Pizza Carrello reach its full potential in Gillette, WY.

Tenacity, vision, care—all of these are the ingredients of a good entrepreneur. When you throw in a dash of help from the SBA, you have a recipe for small business success. Nobody knows that better than Rachel Kalenberg, co-owner and CFO of Pizza Carrello in Gillette, WY. Along with her life partner, Ariane, Rachel knew that she wanted to enrich the lives of her community by providing artisan foods, excellent customer service, and memorable overall experiences. In 2011, Rachel and Ariane decided to connect with the SBA to get the dough rolling on that goal.



Rachel Kalenberg, co-owner and CFO of Pizza Carrello in Gillette, WY

CHALLENGE

Rachel and Ariane launched Pizza Carrello—which literally means “Pizza Cart” in Italian—as a modest food cart. Together, they sought their local Small Business Development Center adviser for the support they needed to get up and running. While enrolling in SBA partner workshops and trainings, they set up a trailer-mounted, wood-fired mobile pizza oven and amassed a fanbase that followed them from festivals and rodeos to street corners and parking lots around Gillette. But their real

dream was a full-service restaurant. They realized they needed the appropriate resources to make that happen, so they called on the SBA again, this time for funding assistance.

SOLUTION

Constant growth has been a theme for Pizza Carrello, thanks to SBA funding programs. After moving from a space they shared with a local brewery, Rachel and Ariane were able to use an SBA-backed loan to lease a vacant building, remodel the interior, add new furniture, and

obtain a bar and grill liquor license. The next year, the couple relocated to a newer building where they would add a take-out kitchen with an additional wood-fired oven, and five years later, they secured an SBA 504 loan to buy that building, completing their transformation from food cart to brick-and-mortar restaurant. The SBA has been there every step of the way, including during the COVID-19 pandemic. When the restaurant industry was upended in 2020, Pizza Carrello was able to receive disaster assistance from PPP and Restaurant Revitalization Fund programs.

BENEFIT

An LGBTQI+-owned small business, Pizza Carrello has earned a reputation as a fun, welcoming, and inclusive space for both customers and employees. But it has also earned its fair share of accolades with critics, including the distinction of “Best Pizza in Wyoming” by a variety of pundits. The restaurant delivers on its promise of wood-fired oven cuisine, including pizzas, artisan breads, made-from-scratch pastas, and more, and thanks to its expansion, Rachel and Ariane are also able to offer catering, tours, field trips for youth organizations, and community events. With the SBA in its corner, there’s no telling what Pizza Carrello will cook up next.



COURTESY OF Wild Rose Photography.

5 Tips for Success

- ✓ **Get guidance.** Develop a working relationship with an SBA Resource Partner ([see page 12](#)). Your business adviser will help you become lender ready.
- ✓ **Define your lending needs.** Determine if a loan is right for you and if this is the right time. How much do you need? What are you going to use it for? Include this in your business plan.
- ✓ **Keep clear records.** Track your cash, inventory, accounts payable and receivable, payroll, sales, purchases, loans payable, owners’ equity, and retained earnings. Most lenders will want to see this data, balance sheets, and profit and loss statements for multiple years.
- ✓ **Talk to multiple lenders.** Talk to multiple lenders to see who best matches your business’s needs. Lenders have different levels of risk they take on and the types of industries they accommodate may vary.
- ✓ **Check all options.** SBA Lenders determine if you’re eligible for SBA financing programs based on your industry and experience, collateral, credit score, and the relationship and transparency you develop with the lending agent.

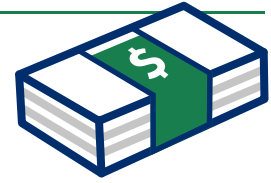
HOW THE SBA HELPED ME SUCCEED: DISASTER ASSISTANCE

Many small businesses begin when an entrepreneur identifies a need in their community. Silvia's Bakery is no different. After immigrating from the Dominican Republic, owner Silvia Paulino saw the need to open a traditional, family-owned and operated Latino bakery in her community of Philadelphia, PA. It was only fitting that, in her time of need, someone would have Silvia's back. The SBA was proud to step up. Silvia expected 2020 to be a promising year, full of orders for important events like weddings, christenings, and quinceañeras. But then came the COVID-19 pandemic, forcing her to pivot. Silvia turned to the SBA, relying on PPP and COVID EIDL loans to keep her employees on payroll until she could safely reopen her store. SBA funding programs allowed Silvia to focus on what mattered most: creating pastries and Latin-inspired desserts for her community.



Apply for Financing

Visit your local SBA office or lender to learn about funding options.



7(a) Loan: the SBA's Largest Financing Program

If you're unable to qualify for conventional financing and you meet the eligibility requirements, use a 7(a) loan to purchase existing real estate or new construction or to acquire additional furniture, fixtures, equipment, or inventory for your small business. 7(a) loans may also be used for working capital, to refinance eligible business debt, or acquire an existing small business.

MAX LOAN AMOUNT: \$5 million

INTEREST RATE: Set by the lender within SBA maximum allowable:

- **Loans \$50,000 or less:** Cannot exceed Prime or SBA Optional Peg Rate plus 6.5%..
- **Loans \$50,001 up to and including \$250,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 6%.
- **Loans \$250,001 up to and including \$350,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 4.5%.
- **Loans \$350,001 and greater:** Cannot exceed Prime or SBA Optional Peg Rate plus 3%.

TERMS: Loan term varies according to the purpose of the loan—generally up to 25 years for real estate and 10 years for other fixed assets and working capital.

GUARANTY: 50–90%

CAPLines

Meet your revolving capital needs with lines of credit. CAPLines can be used for contract financing, seasonal lines of credit, builders' line of credit, or for general working capital lines.

7(a) SBA Express Loan

Featuring a simplified process, these 7(a) loans are delivered by experienced lenders who are authorized to make the credit decision for the SBA. These can be term loans or revolving lines of credit.

MAX LOAN AMOUNT: \$500,000

INTEREST RATE:

- **Loans \$50,000 or less:** Cannot exceed Prime or SBA Optional Peg Rate plus 6.5%.
- **Loans \$50,001 up to and including \$250,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 6%.
- **Loans \$250,001 up to and including \$350,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 4.5%.
- **Loans \$350,001 and greater:** Cannot exceed Prime or SBA Optional Peg Rate plus 3%.

TERMS: Loan term varies according to the purpose of the loan—generally up to 25 years for real estate and 10 years for other fixed assets and working capital.

GUARANTY: 50%

7(a) Community Advantage Pilot Program

A financing program for women, veterans, low-income borrowers, businesses in underserved markets, minority entrepreneurs, and new businesses. Receive free business counseling as you work with a community-based financial institution.

MAXIMUM LOAN AMOUNT: \$350,000

INTEREST RATE:

- **Loans \$50,000 or less:** Cannot exceed Prime or SBA Optional Peg Rate plus 6.5%.
- **Loans \$50,001 up to and including \$250,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 6%.
- **Loans \$250,001 up to and including \$350,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 4.5%.

TERMS: Up to 25 years for real estate and 10 years for equipment and working capital.

GUARANTY: 75–85%

SPECIAL CONDITION: Organizations approved to participate as Community Advantage (CA) Lenders are required to make at least 60% of their CA loans in underserved markets. For the purposes of CA, underserved markets include:

- Businesses located in Low-to-Moderate Income (LMI) communities; Empowerment Zones and Enterprise Communities; Historically Underutilized Business Zones (HUBZones); Promise Zones; Opportunity Zones; or Rural Areas;

- New businesses (those in operation for less than two years);
- Businesses that are 51% or more owned and controlled by one or more Veterans; and
- Businesses where more than 50% of the full-time workforce is low-income or resides in LMI census tracts.

Microloans

Eligible businesses can start up and grow with working capital or funds for supplies, equipment, furniture, and fixtures. Borrow from \$500 to \$50,000 and access free business counseling from microlenders.

INTEREST RATE: For loans less than \$10,000, lender cost + 8.5%; for loans \$10,000 and greater, lender cost + 7.75%.

TERMS: Lender negotiated; no early payoff penalty.

504 Certified Development Company Loan

Replace with the following text: For small businesses that would like to purchase/renovate real estate, buy other long term fixed assets such as heavy

equipment for a small business, or refinance debt, and cannot obtain conventional financing on reasonable terms, the 504 program provides competitive fixed-rate mortgage financing through a senior lender and a Certified Development Company (CDC) SBA subordinate loan. A conventional lender participates with a senior loan of 50%, and SBA provides up to 40% in subordinate debt.

MAX LOAN AMOUNT (UP TO 40% OF THE TOTAL PROJECT): Up to \$5 million; \$5.5 million for manufacturing or energy public policy projects.

INTEREST RATE: Below market fixed rates for 10, 20, or 25-year terms.

TERMS: 20 or 25 years for real estate or long-term equipment; 10 years for general machinery and equipment.

GUARANTY: The lender provides a senior loan for 50% of the project cost (with no SBA guaranty); the CDC finances up to 40% in a junior lien position (supported by the SBA guaranty).

SPECIAL CONDITION: A minimum borrower contribution, or down payment, is required. Amounts vary by project but are usually 10-20%.



COURTESY OF DAVID AND MIKE SKAGGS

HOW THE SBA HELPED US SUCCEED

The SBA has helped two brothers preserve a legacy in Pacific, MO. When their father, Marvin, passed away, David and Mike Skaggs took inspiration from the core beliefs he had passed on to them. They founded MDS Manufacturing, LLC, a family-owned and operated small business that specializes in plastic molding, a skill they had learned from their late father. From day one, the brothers sought the SBA's support in getting their business off the ground. When the time came to purchase three injection molding machines and lease space to start manufacturing, the brothers were awarded an SBA 7(a) loan. Later, SBA 504 loans enabled them to purchase additional equipment, move into a new facility, and expand their customer base.

Go Global with an Export Trade Finance Loan

Stabilize seasonal sales and become less dependent on any one market by exporting.

EXPAND YOUR MARKET

Small businesses can enter and excel in the international marketplace using State Trade Expansion Program grants and training.

Visit sba.gov/step to find out if your state is participating. You can:

- Learn how to export
- Participate in foreign trade missions and trade shows
- Obtain services to support foreign market entry
- Translate websites to attract foreign buyers
- Design international marketing products or campaigns

FINANCING FOR INTERNATIONAL GROWTH

Having trouble securing capital to meet your small business exporting needs? Use SBA 7(a) export trade finance programs to cover short or long-term costs necessary to sell goods or services abroad. Loan proceeds can be used for working capital to finance foreign sales or for fixed assets—helping you better compete globally. Apply for lines of credit prior to finalizing an export sale or contract, and adequate financing will be in place by the time you win your contract.

If you've been in business for at least a year, ask your area SBA regional finance manager about the **7(a) Export Working Capital** program. The **7(a) International Trade Loan** program also helps exporters who have been adversely affected by foreign importing competition, helping you better compete globally.

MAX LOAN AMOUNT: \$5 million

INTEREST RATE: For Export Working Capital, the rate is negotiated between borrower and lender. For the International Trade Loans:

- **Loans \$50,000 or less:** Cannot exceed Prime or SBA Optional Peg Rate plus 6.5%.
- **Loans \$50,001 up to and including \$250,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 6%.
- **Loans \$250,001 up to and including \$350,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 4.5%.
- **Loans \$350,001 and greater:** Cannot exceed Prime or SBA Optional Peg Rate plus 3%.

TERMS: For Export Working Capital—typically one year; can't exceed three years. For International Trade Loans, up to 25 years for real estate; up to 10 years for equipment.

GUARANTY: Up to 90%

7(a) Export Express uses a streamlined process that expedites the SBA guarantee—what small businesses need most when preparing to export or ramping up international trade on a fast timeline.

MAX LOAN AMOUNT: \$500,000

INTEREST RATE:

- **Loans \$50,000 or less:** Cannot exceed Prime or SBA Optional Peg Rate plus 6.5%.



- **Loans \$50,001 up to and including \$250,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 6%.
- **Loans \$250,001 up to and including \$350,000:** Cannot exceed Prime or SBA Optional Peg Rate plus 4.5%.
- **Loans \$350,001 and greater:** Cannot exceed Prime or SBA Optional Peg Rate plus 3%.

TERMS: Up to 25 years for real estate, 10 years for equipment, and seven years for lines of credit.

GUARANTEE: Up to 90%

HELP WITH TRADE BARRIERS

If you need assistance with international trade regulations, the SBA can be your advocate in foreign markets. Call toll free (855) 722-4877 or email your contact information and trade issue to international@sba.gov.



Lender Match

Lender Match connects small business owners and entrepreneurs with SBA-backed funding through SBA Lenders. Visit sba.gov/lendermatch for more information and to find an interested lender.

Expert Advice on Exporting



Find an SBA professional in one of the 21 U.S. Export Assistance Centers: www.sba.gov/local-assistance/export-trade-assistance/us-export-assistance-centers. The centers, located in most major metro areas, are staffed by the U.S. Department of Commerce and, in some locations, the Export-Import Bank of the United States and other public and private organizations. Visit your local Small Business Development Center ([see page 12](#)) for exporting assistance from professional business counselors.

SBA and Participating Lenders

The SBA helps small business owners and entrepreneurs who are creditworthy but do not have access to credit elsewhere. If you can't obtain a business loan with reasonable rates and terms, contact your local SBA Lender to see if you're eligible for an SBA program. The SBA works with participating lenders to reduce their risk, increasing the likelihood your loan will be approved with the terms that work best for you. The guarantee is conditional on the lender following SBA program requirements. Just like with any other loan, you make your loan payments directly to your lender in accordance with your terms.



R&D Opportunities for Innovative Small Businesses and Startups

Get funding to develop your technology or innovation and grow your business.

What is your innovation?

- Advanced materials
- AgTech
- Artificial intelligence
- Augmented reality/virtual reality
- Big data
- Biomedical
- Cloud computing
- Cybersecurity
- Energy
- Health IT
- National security
- Sensors
- Space exploration

AMERICA'S SEED FUND

The Small Business Innovation Research and the Small Business Technology Transfer programs, known as America's Seed Fund, provide over \$4 billion each year in early-stage capital through a competitive awards process.

America's Seed Fund fosters and encourages participation in innovation and entrepreneurship by all people, including women, people of color, people with disabilities, and entrepreneurs located in all 50 states and U.S. territories.

HOW IT WORKS

Every year, participating federal agencies announce topic areas that address their R&D needs. Eligible businesses submit proposals to win either grants or contracts and then advance through three phases:

1. The **proof-of-concept stage** typically lasts from 6–12 months and provides between \$50,000–\$250,000.
2. The **full R&D period** lasts about 24 months and typically provides \$600,000–\$1.7 million.
3. The **commercialization stage** is when your small business seeks public or private funds for its venture or sells the innovation for a profit.

RETAIN OWNERSHIP

The funding agency does not take an equity position or ownership of your business. The federal government also protects data rights and the ability to win sole-source phase three contracts. Some agencies provide additional resources beyond funding.

Participating agencies:

- Department of Agriculture
- National Institute of Standards and Technology
- National Oceanic and Atmospheric Administration
- Department of Defense
- Department of Education
- Department of Energy
- Department of Health and Human Services
- Centers for Disease Control
- Food and Drug Administration
- National Institutes of Health
- Department of Homeland Security
- Department of Transportation
- Environmental Protection Agency
- NASA
- National Science Foundation

HOW TO FIND FUNDING

Identify a participating agency or agencies interested in your topic area

Apply to a specific solicitation

Get more information about funding opportunities (solicitations) and current topics at www.sbir.gov/funding.

GET LOCAL HELP

SBA's Federal and State Technology (FAST) Partnership Program was established to help you navigate America's Seed Fund programs (SBIR/STTR). FAST partners work to support businesses through all phases of development — pre-award, award, and post-award towards commercialization.

To find a FAST partner in your state, visit: www.sbir.gov/about-fast. Visit sbir.gov to find funding opportunities, helpful program tutorials, and information on past award winners.

Investment Capital



How an SBIC Works

The Small Business Investment Company (SBIC) program is a public-private partnership between the SBA and private investors. The SBA licenses SBICs and provides \$2 in government guaranteed debt for every \$1 in private investment raised by the SBIC. The SBICs, in turn, invest those funds in a portfolio of companies through debt and/or equity.

Each SBIC has its own investment strategy in terms of targeted industry, geography, company maturity, and the types and size of financing they provide. Each SBIC typically will identify 15-20 portfolio companies for their fund. While it varies from year to year, around 20% of investments go to startups (companies less than two years old). The SBA is not involved in investment decisions.

Since the program launched in 1958, SBICs have deployed more than \$116 billion of capital, and made more than 189,000 investments in small businesses through more than 2,300 funds.

To be eligible...

The majority of your employees and assets must be within the United States. Some ineligible small businesses and activities include re-lenders, real estate, project financing, and foreign investment.

Find an Investor

If your small business is interested in SBIC financing, visit the SBA's online directory at www.sba.gov/funding-programs/investment-capital. Make sure an SBIC is actively investing in businesses in your region, size, and industry, and visit websites for each fund to learn more. You will need a business plan that makes the case that investing in your business would be profitable for the SBIC. Find local assistance in building out your business plan at www.sba.gov/local-assistance.

Disaster Recovery

When disaster strikes, the SBA provides low-interest disaster loans to help businesses, homeowners, and renters recover from Presidential and SBA declared disasters.

WHAT TO DO AFTER A PRESIDENTIAL DISASTER DECLARATION

Once a President approves a disaster declaration, SBA disaster loan assistance is activated.

Homeowners and Renters can register with FEMA by:

- Applying online at: disasterassistance.gov
- Calling FEMA at **(800) 621-3362**
- Visiting FEMA Disaster Recovery Center. Locations can be found at fema.gov/drc.

Businesses can skip this step and apply directly with the SBA at: disasterloan.sba.gov. Homeowners and renters should register with FEMA and most will be referred to the SBA for further assistance. You must complete an SBA application to be considered for assistance. If you don't complete an SBA application, you may not be eligible for assistance from other agencies.

WHAT TO DO AFTER AN SBA AGENCY DISASTER DECLARATION

After the SBA declares a disaster, businesses of all sizes, nonprofits, homeowners, and renters are eligible to apply for SBA disaster loan assistance by:

- Applying online at: disasterloan.sba.gov
- Calling the SBA customer service center at **(800) 659-2955**
- If you are deaf, hard of hearing, or have a speech disability, please dial **711** to receive assistance

FEMA assistance is generally not available under an SBA declaration.

Information you will need to get started with SBA disaster loan assistance:

- Address of damaged property and contact information
- Insurance information
- Household and/or business income

SBA disaster loans can be increased up to 20% to fund mitigation improvements to increase resiliency against future disasters. Some examples of mitigation are below:



Flood Mitigation

- Install a perimeter drain and sump pump
- Landscape your property to improve water runoff and drainage
- Elevate structures



Wildfire Mitigation

- Install noncombustible gutters, fences, and gates
- Repair/rebuild structures using fire resistant building materials
- Replace single-pane windows with dual- or multi-pane tempered glass windows



Wind Mitigation

- Upgrade to high-impact doors and windows
- Install hurricane roof straps
- Install a safe room or storm shelter built to FEMA guidelines



Earthquake Mitigation

- Strengthen and retrofit masonry buildings and concrete facilities that are vulnerable to ground shaking
- Install window film to prevent shattered glass injuries
- Anchor rooftop-mounted equipment

How the SBA Helped Us Succeed:

The SBA is proud to support businesses that serve their local underserved communities. Businesses like Everest Medical Care Group, LLC—a multi-specialty healthcare provider serving four locations across eastern Pennsylvania. When **Drs. Goufang Wang and Xiaobin Li**, who opened the practice in 2016, wanted to expand, they reached out to their local Small Business Development Center. The advisers there helped Dr. Wang and Dr. Li with financial feasibility analysis and financing, ultimately making it possible for the pair to purchase a facility located on a previous community hospital site. The acquisition would later become the Silvercare Medical Campus, which now includes an urgent care, adult daycare center, restaurant, and more. Dr. Wang and Dr. Li have maintained their relationship with the SBA through the COVID-19 pandemic, benefiting from a COVID EIDL loan.



COURTESY OF Drs. Goufang Wang and Xiaobin Li.

Get Ready

The Ready Business program gives step-by-step guidance on how to prepare your business for a disaster. The series includes preparedness toolkits for earthquakes, hurricanes, flooding, power outages, and severe winds/tornadoes. Spanish materials are also available. More details: ready.gov/business.

Keep in Mind

SBA disaster loans are direct loans from the federal government. In general, losses compensated by insurance, FEMA, or other forms of assistance are considered duplication of benefits. Duplication of benefits will reduce the eligible loan amount.

Once safety and security needs are met after a disaster, the SBA helps get you and your community back to where you were before the disaster. Since low-interest SBA disaster assistance loans are government aid, creditworthiness and the ability to repay are taken into consideration before a loan is awarded. Visit sba.gov/disaster.



Be Prepared for Tomorrow: Make a Disaster Plan Today

A well-designed disaster plan makes all the difference for the safety of you and your employees. It's time to revisit yours—or make a new one.

As a small business owner, you're no stranger to planning. You've done your best to account for every anticipated roadblock during your journey to entrepreneurial success. But what about the unforeseen? If the COVID-19 pandemic has taught us anything, it's that preparing for the unexpected is equally important. We're talking about disasters.

Disasters can come in a variety of forms: storms, cyberattacks, downturns—even global health crises. Each of these threats presents its own unique set of challenges, and there is often no one-size-fits all solution. The good news is there are programs and other resources in place to help you overcome these challenges.

The SBA is committed to helping the small business community prepare for and navigate the greatest obstacles facing entrepreneurs today, including disasters. Here are a few steps you can take to make or improve your disaster plan.

DEVISE A PLAN BASED ON YOUR RISK

Disasters vary by industry and region. Likewise, the steps you take before, during, and after an event will depend on disaster type. Not sure how to prepare for or respond to a specific kind of disaster? Check out this emergency preparedness guide from the SBA: sba.gov/prepare.

Regardless of what disaster strikes, knowing how to communicate with your employees and stakeholders will make all the difference. Be sure you have the latest contact information available for your staff to access virtually. When phone lines are down after a disaster, two-way radios or an alert notification system (ANS) come in handy.

BUILD YOUR EMERGENCY KIT

An emergency kit should be kept on-site at your business at all times—just in case. Essentials include, but are not limited to:

- First-aid kits
- Non-perishable foods
- Medicines
- Bottled water
- Masks and sanitizers
- Flashlights and battery-powered radios

The quantity of your items is just as important as the quality: Make sure you have enough supplies in your emergency kit to last you a few days. In case of power outages, a backup generator might also prove valuable.

PREPARE BEFOREHAND, EXECUTE AFTER

Checking with your insurance provider before a disaster occurs is always a good rule of thumb. This helps you understand your coverage and opt into any necessary policy upgrades. You should also physically secure your business location. Doing so can reduce damage and, most importantly, ensure the safety of your staff. For example, in preparation for a hurricane, you will want to turn off all non-critical devices, install windstorm shutters or plywood over windows and doors, remove all loose debris from outside, and shut off your natural gas supply. You can further protect your business by backing up data and making it

accessible off-site in the event your technology is damaged.

PREPARE AT HOME, TOO

It's important to remember that your home and family should be equally as ready for disasters as your business. That's why you'll want to implement all the same measures to protect your family and personal property from disasters. Your household should understand what to do when faced with a disaster scenario. In addition, homeowners or renters' insurance, emergency plans, and kits are critical to ensure your household is safe before and following a disaster.

The resilience of the small business community has been the story throughout the COVID-19 pandemic, and it will continue to be the theme as we work toward recovery—together. The SBA stands ready to support you through any adversity that may come your way. Should a declared federal emergency occur, you can find disaster assistance at [sba.gov/disaster](https://www.sba.gov/disaster).

Rebuilding Stronger Is Within Reach

Take steps now to protect your home or business and reduce property damage with the help of the SBA. Those affected by a disaster can rebuild stronger and increase resiliency by increasing their SBA disaster assistance loan up to 20% of the verified physical damage to make mitigation improvements. Generally, borrowers have two years after loan approval to request an increase for code-required upgrades or mitigation.



HOW THE SBA HELPED ME SUCCEED: DISASTER ASSISTANCE

Times of great adversity can define an entrepreneur. Dawn Kelly, CEO of the Nourish Spot in Jamaica, NY, is just one example. A neighborhood juice, smoothie, and salad bar in a sea of fast-food restaurants, the Nourish Spot has been a healthy alternative for diners in its community since 2016. The business thrived in its first few years, earning the distinction of SBA New York Microbusiness of the Year in 2019. But the COVID-19 pandemic changed things, casting a shadow of uncertainty on a normally bustling community. Dawn didn't panic. She pivoted to delivery and curbside services while obtaining a First-Draw PPP loan that helped her weather the storm. The funds not only kept her business open, but they also allowed her to keep her employees safe.

Surety Bonds

SBA-backed surety bonds help small businesses win contracts.



Eligible small businesses in the construction, supply, and service sectors better compete for contracting and subcontracting jobs using SBA-backed surety bonds.

HOW YOU BENEFIT

Surety bonds help small businesses receive the bonding assistance they need to win contracts by providing the customer with a guarantee the work will be completed.

HOW SURETY BONDS WORK

Many contracts require surety bonds, which are offered by surety companies. The SBA guarantee provides an incentive for surety companies to work with small businesses that would normally not be able to obtain the bond.

IS THE PROGRAM RIGHT FOR YOU?

Small businesses that often come to the SBA for surety bonds:

- Startups and firms in business less than three years
- Businesses with credit issues or internally prepared financial statements

- Those who can't secure bonding through regular commercial channels
- Subcontractors with a desire to establish their own bonding as a prime contractor
- Those wishing to increase their current bonding limits

GUARANTEES AND REIMBURSEMENTS

For all contracts and subcontracts up to \$6.5 million, the SBA guarantees bid, payment, performance, and ancillary bonds issued by surety companies. For federal contracts up to \$10 million, the SBA makes a guarantee—if it's in the best interest of the government.

The SBA reimburses surety companies, in case of default, 90% of losses sustained for:

- Veteran and service-disabled veterans
- Minority small businesses
- 8(a)-certified small businesses
- HUBZone-certified small businesses
- All projects up to \$100,000
- Tribally-owned small businesses

The SBA reimburses 80% for all other small businesses tribally-owned small businesses.

NEED A SURETY BOND GUARANTEE FAST?

For contracts under \$500,000, the process is streamlined using the SBA QuickApp program:

- Easy application
- No need to submit financials to the SBA
- Online applications submitted through SBA-authorized agents approved within hours

READY TO START?

The SBA partners with over 40 surety companies and hundreds of bonding agents. Find authorized agents at sba.gov/osg. Do you want to discuss the advantages of the SBA Surety Bond Guarantee program? Contact a bonding specialist:

Tamara E. Murray
Denver, CO
(303) 927-3479

Office of Surety Guarantees
suretybonds@sba.gov

CONTRACTING

Doing Business with the Government



HOW I DID IT

A Meaningful Mission

SBA contracting opportunities have helped a service-disabled veteran answer his calling in El Dorado, AR.

The SBA is committed, above all, to helping entrepreneurs reach their goals. In many cases, those goals go beyond business toward a greater purpose. Such has been the story of Gregory Modica. Inspired by watching his parents go from sharecroppers to owners of their own television repair business in the 1960s, Gregory always had an interest in entrepreneurship. But it wasn't until after he was honorably discharged as a service-disabled veteran from the U.S. Army that he decided to take that interest to the next level. Gregory pursued degrees in criminal justice and aviation science, but he was ultimately drawn



Gregory Modica, founder of Government Supply Services in El Dorado, AR.

back to the thought of entrepreneurship. In the process, he realized he had something much bigger than business in mind all along.

THE CHALLENGE

Gregory's passion in life is to mentor veterans and entrepreneurs in underserved communities on how to start and grow a business, build networking relationships, and find resources to develop personally. Before he could do that, he set out to establish a successful small business himself. But while caring for his mother in his hometown of El Dorado, AR, Gregory recognized that there were unique challenges for people with disabilities. That's when he decided to enlist the help of the SBA.

THE SOLUTION

In 2009, Gregory started Government Supply Services (GSS), an El Dorado-based supplier of office, technology, and industrial supplies

5 Tips for Success

- ✓ **Find a mentor.** Do you have a great mentor in your industry? Reach for the opportunity while it's in front of you.
- ✓ **Always move forward.** The SBA has educational resources to improve your business knowledge. To learn more about government contracting and SBA certification programs, call your local SBA district office, Procurement Center Representative, Procurement Technical Assistance Center, or one of SBA's many resource partners, including our Small Business Development Centers (SBDC), Women's Business Centers (WBC), Veterans Business Outreach Centers (VBOC), and SCORE Chapters.
- ✓ **Compete smart.** Make sure to track prime contracting opportunities in SAM.gov as they become available. Also, see if your company can use the SBA Subcontracting Network database, https://eweb1.sba.gov/subnet/client/dsp_Landing.cfm. SubNet connects businesses with subcontractors and small businesses with contract opportunities.
- ✓ **Know your industry.** Stay up to date on the latest trends and needs by using federal agencies' procurement forecasts to plan for the fiscal year. See if your firm is eligible for contracting preferences in your industry (based on socioeconomic status, by industry).
- ✓ **Build a team.** Cultivate an environment of innovative, driven staff who can support the business as it grows, both on the front and back-end of business operations.



that serves facilities in the public and private sectors. He has obtained certifications as a service-disabled veteran owned-small business and an SBA HUBZone business, which he credits with preparing him to pivot his strategic plan during an otherwise uncertain economic market. SBA assistance has ultimately helped Gregory and GSS pursue GSA Schedule contracts that may not have previously been winnable.

BENEFIT

Through GSS, Gregory is able to provide products related to safety, sanitation, first aid and health, and industrial-grade maintenance, repair, and operation. Most importantly, he has been empowered to live out his mission of providing employment opportunities for veterans, individuals with disabilities, and

people desiring to work from home—all while mentoring young entrepreneurs.

Gregory is a textbook example of what doors a strong relationship with the SBA can open. He has worked with SCORE mentors, as well as his local Small Business Development Center and Procurement Technical Assistance Center. During the COVID-19 pandemic, Gregory benefited from SBA disaster relief funding programs. He was even a graduate of Arkansas’s inaugural SBA Emerging Leaders class, now known as T.H.R.I.V.E. Emerging Leaders Reimagined.

“I’ve found that starting a business is the easiest part,” Gregory says. “All the normal routines we take for granted when working for a company goes out the window. Had it not been for the tools and resources of SBA, I would not have made it this far.”

How to Do Business with the Government

1. Consult your local Small Business Development Center ([see page 12](#)) or Procurement Technical Assistance Center adviser. Find your closest center at aptac-us.org.
2. Register on the System for Award Management (SAM.gov) to see if any federal agencies are looking for your product or service. Search the SBA SubNet database for subcontracting opportunities.
3. Attend an SBA district office contracting workshop. Visit sba.gov/localassistance to find your local office.
4. Research SBA certifications like the 8(a), HUBZone, Woman-owned, and Service-disabled Veteran-owned small business programs. Review eligibility at <https://www.sba.gov/federal-contracting/contracting-assistance-programs>.
5. Identify your product or service number at census.gov/naics.



By the Numbers

The U.S. government is the largest single purchaser of goods and services in the world, awarding over \$560 billion in prime contracts annually for everything from biopharmaceutical research to IT support to accounting services to green building architecture. There is a real need for innovative small businesses to provide their wealth of talents and ideas to the federal government to bolster our supply chain, advance our economy, and keep our country safe, which is why Congress has established annual goals for governmentwide contract spend in five categories.

Small Business Category	Goal
Small businesses	23%
Small Disadvantaged businesses	12%
Women-owned Businesses	5%
HUBZone-certified Businesses	3%



SBA Certification Programs

Your business could earn profit and gain valuable work experience by providing goods or services to the government.



Contracting certification programs are designed for you to better compete for and win federal contracts set aside for small businesses. Visit [sba.gov/contracting](https://www.sba.gov/contracting) to learn more about set-aside contracts and whether one or more of these government certification programs is right for your business. To see if you're eligible and to then certify as 8(a) or for the Mentor-Protege Program, visit [certify.sba.gov](https://www.certify.sba.gov). For the Women-owned Small Business Program, visit [wosb.certify.sba.gov](https://www.wosb.certify.sba.gov).

8(A) BUSINESS DEVELOPMENT PROGRAM

Entrepreneurs who are members of a presumed disadvantaged group (i.e., Black, Hispanic, Asian, and Native Americans) may be eligible to receive business training and government contracting assistance through the 8(a) Business Development Program: [sba.gov/8a](https://www.sba.gov/8a). Businesses that participate in the program receive training and technical assistance designed to strengthen their ability to compete effectively in the American economy.

Small businesses owned by Alaska Native Corporations, Community Development Corporations, Indian tribes, and Native Hawaiian organizations are also eligible to participate in the program. Small business development is accomplished by providing various forms of management, technical, financial, and procurement assistance.

To qualify for the 8(a) program, businesses must meet the following eligibility criteria:

- Be a small business
- Not have previously participated in the 8(a) program
- Be at least 51% owned and controlled by U.S. citizens who are socially and economically disadvantaged
- Have a personal net worth of \$750,000 or less, adjusted gross income of \$350,000 or less, and assets totaling \$6 million or less

- Demonstrate the potential for success, such as having been in business for two years

Socially disadvantaged: Individuals subjected to racial or ethnic prejudice or cultural bias without regard to their individual qualities because of their identity as members of certain groups. The following groups often fit this status: Black Americans; Hispanic Americans; Native Americans (Alaska Natives, Native Hawaiians, or enrolled members of a Federally or State recognized Indian Tribe); Asian Americans. A person who is not a member of one of these groups must establish that it is more likely than not that he or she has suffered social disadvantage.

Economically disadvantaged: Individuals whose ability to compete in the marketplace has been impaired because they have not had as much capital and credit opportunities compared to others in the same or similar line of business.

The benefits of the 8(a) program:

- Efficiently compete and receive set-aside and sole-source contracts.
- Receive one-on-one business development assistance during the nine-year term from dedicated Business Opportunity Specialists focused on helping firms grow and accomplish their business objectives.
- Pursue opportunity for mentorship from experienced and technically capable firms through the SBA Mentor-Protégé program.

- Connect with procurement and compliance experts who understand regulations in the context of business growth, finance, and government contracting.
- Pursue joint ventures with established businesses to increase capacity.
- Qualify to receive federal surplus property on a priority basis.
- Receive free training from the SBA's 7(j) Management and Technical Assistance program.

What is an 8(a) sole-source contract? A direct awarding of a contract to an 8(a) small business that can provide the needed services. This is an accelerated process that saves time for both you and the government agency or office.

HUBZONE

The HUBZone program fuels the growth of small businesses in historically underutilized business zones (HUBZones) by providing certification for preferential access to federal contracts. Businesses located in HUBZones can gain special access to federal contracts by being certified by the SBA to participate in the

HUBZone program, sba.gov/hubzone. To qualify for the certification, your small business must:

- Be owned and controlled by U.S. citizens, a Community Development Corporation, an agricultural cooperative, an Indian tribal government, an Alaska Native Corporation, or a Native Hawaiian Organization.
- Have a principal office located in a HUBZone. Enter your address in our interactive map to see if your firm may qualify: maps.certify.sba.gov/hubzone/map.
- Have at least 35% of your employees living in a HUBZone.

SERVICE-DISABLED VETERANS

If you're a service-disabled veteran looking to enter the federal marketplace, you may be eligible for this small business certification. The veteran business certification program transitioned from the Department of Veterans Affairs to SBA effective January 1, 2023. After this transfer, a service-disabled veteran can apply for certification through SBA to become eligible for contracting set-aside preferences. To determine your eligibility, connect with your local Veterans Business Outreach Center, contact a veterans business development officer at your local SBA office, or visit sba.gov/sdvosb.



Helen Callier is in it for the long run. As president of Bradlink, LLC, a woman-owned small business in Kingwood, TX, Helen has faced challenges throughout her time in the 8(a) Business Development Program. But, with the help of the SBA, Helen has endured, turning Bradlink, LLC into an award-winning provider of program and construction management, architectural design, facilities support, and permitting and IT services to government agencies in the Houston and Dallas-Fort Worth areas. During her transition phase in the 8(a) program, Helen did what successful entrepreneurs often do: she refocused. She took specialized training, reached out and developed partnerships with successful graduated 8(a)s, and submitted proposals which resulted in a five-year 8(a) contract award with the USACE providing facilities support services.

COURTESY OF HELEN CALLIER.



Woman-Owned Small Business Certification

Get certified so you can more easily compete for government contracts.

1. Make sure you're eligible

- The business must be owned and controlled by one or more women who are U.S. citizens.
- A woman must hold the highest officer position.
- Women must manage the daily business operations on a full-time basis and conduct long-term decision making and planning.
- To qualify as an economically disadvantaged woman-owned small business, the business owner and/or manager must also meet certain income and asset requirements. Find out more at sba.gov/wosb.

2. Register

Register with the System for Award Management (SAM.gov) to start doing business with the government.

3. Certify

Submit your documents to wosb.certify.sba.gov. The SBA offers free certification as of 2020. You can also obtain certification from one of the SBA's approved third-party certifiers (which costs a fee):

- El Paso Hispanic Chamber of Commerce
- National Women Business Owners Corp.
- U.S. Women's Chamber of Commerce
- Women's Business Enterprise National Council

4. Update your status

Update your status as a woman-owned small business in SAM.gov.

5. Search the database

Search SAM.gov for your new business opportunity. You must receive your certification prior to submitting an offer on a contract set aside for a woman-owned small business.



COURTESY OF GETTY IMAGES.

Get Expert Contracting and Certification Help

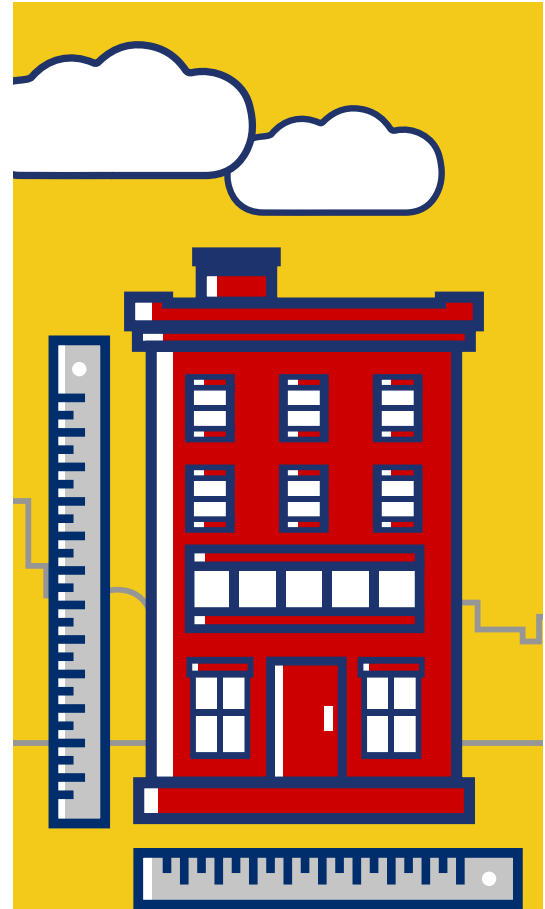
Federal contracting can be complex, but you don't have to do it alone. A Procurement Technical Assistance Center adviser can help you determine if your business is ready for government contracting. An adviser can also help you register in the System for Award Management (SAM.gov) and see if you're eligible for any small business certifications and/or programs. Visit sba.gov/localassistance to find one-on-one counseling that is free or low cost ([see page 8](#)).

SBA MENTOR-PROTÉGÉ PROGRAM

Looking for an opportunity to partner with a more experienced firm for mentorship? That effort can be rewarded in the SBA Mentor-Protégé program, sba.gov/mpp. While you're gaining invaluable direction and experience, you and your mentor can compete for government contracts, further growing your business.

To qualify for this program:

- Protégés must have a mentor prior to applying for the program. Visit your local SBA office for guidance. Ask about the SBA's Resource Partners and the Procurement Technical Assistance Program for help in connecting you with a mentor business.
- You must be certified as a small business within your NAICS industry classification (census.gov/naics).
- Mentors and protégés must be organized for profit or as an agricultural cooperative.
- Mentors can't own more than 40% equity in the protégé's business.
- An SBA determination of affiliation must not exist between the mentor and the protégé.
- Approved SBA Mentor-protégé Agreements receive an exclusion of affiliation for contracting purposes.



Measure Your Business Size

The government reserves certain contracts for small businesses. Your business could compete for and profit from these set-aside contracts.

See if your business qualifies as small for federal government contracting.

Visit sba.gov/size-standards, and enter NAICS code(s) + annual average revenue or number of employees to see if your business qualifies as small.

Small Business Resource Guide

NATIONAL EDITION ■ SPRING 2023

sba.gov



U.S. Small Business
Administration

Scan to view online



*All SBA programs and services are extended on a nondiscriminatory basis. While every reasonable effort has been made to ensure that the information contained herein was accurate as of the date of publication, the information is subject to change without notice. Neither the Contractor, the Federal Government, nor agents thereof shall be held liable for any damages arising from the use of or reliance on the information contained in this publication.