

SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

Fall 2023



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Housing loans available

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- Use of funds: Purchase of home, owner occupied rehabilitation or renovation, emergency repair to a property.

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CENTER *for* RURAL AFFAIRS

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On the cover: Rene and Maricia Marquez of Warehouse Fitness in Scottsbluff | Photo submitted



How important is a relationship with your bank?

By Griselda Rendon, loan specialist. Jessie Eby contributed to this article.

As a small business owner, you may be a one-person operation, but it doesn't take long to figure out that relationships are the foundation to success. One important relationship that often goes overlooked is the one you build with your bank.

We know it can be easy to put off opening up a business account or taking the necessary steps to separate your business and personal finances as you're getting started with your small business. You may think managing a business account will mean extra work or that it may complicate things, but the opposite is true. Creating a dedicated account for your small business is the best way to track your business's profits and manage expenses. A trusted banker can be a valuable partner that provides guidance and customized financial solutions. Building and maintaining a strong relationship with your bank can benefit your business every step of the way.

► What is a "banking relationship" and why does it matter?

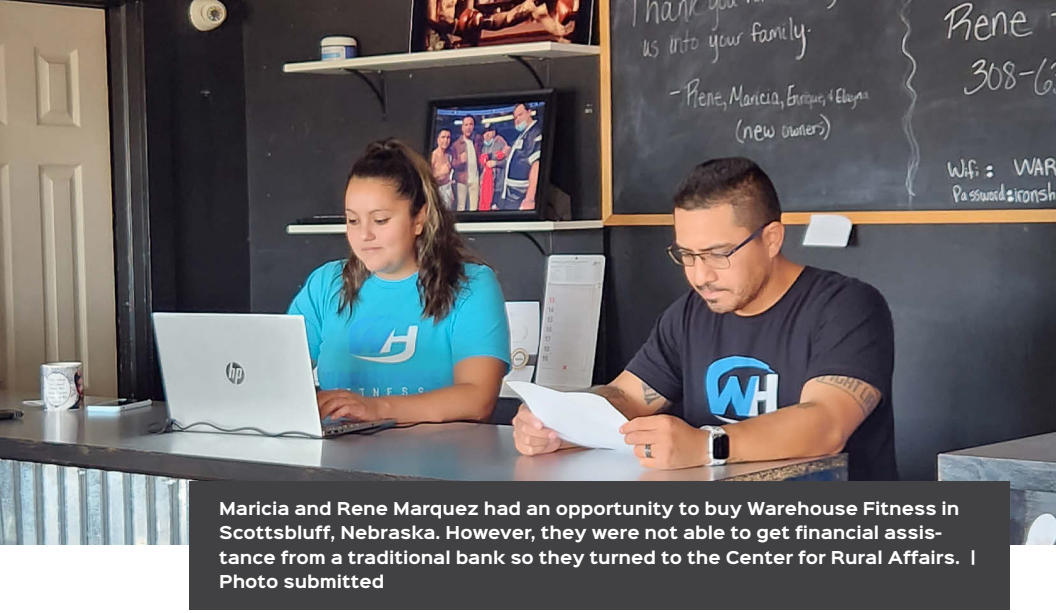
While you may think a banking relationship is simply something that happens when you open your accounts, we encourage you to turn that thinking around. Finances are a sensitive subject, and you don't want to talk about them with just anybody.

Here in rural Nebraska, the banking relationship goes beyond the sterility of black-and-white facts and figures. Having a relationship with your banker is like having neighbors who are always watching out for you. They know you, they know your business, and they're invested in your success.

- A dedicated banker who understands the intricacies of your business can offer solid advice and personalized financial solutions tailored to your unique needs.
- A banker can also analyze your records and offer suggestions to improve your business's finances, ultimately empowering you to make confident, informed decisions.
- A banker who is familiar with your business's financial patterns and potential is more likely to work with you regarding credit and loans. This gives you the flexibility you need to take advantage of opportunities or navigate challenging seasons.
- Sometimes bankers aren't able to lend the money your business needs. If your credit is lacking or compromised, we're here to help. In addition to lending, we can also provide the resources you need to grow your business, improve your credit, maintain financial health, and beyond. Our small business workshops and resources can help you continue to build the business relationships that will propel your business to success. In some cases, we can partner with your bank to help your business get the funds you need.

Your bank is more than simply a place to keep your money; it's a powerful partner, invested in your success. By investing in this relationship, you unlock a valuable asset that can serve your business for years to come.

Read more at cfra.org/blog. For bookkeeping assistance for your business, contact our staff at wbc@cfra.org or 402.870.1521. 📞



Marcia and Rene Marquez had an opportunity to buy Warehouse Fitness in Scottsbluff, Nebraska. However, they were not able to get financial assistance from a traditional bank so they turned to the Center for Rural Affairs. | Photo submitted

Big dreams of boxing rings come true for Scottsbluff business owners

By Liz Stewart

For years, Rene Marquez dreamed of owning his own gym. He longed for a big garage or any sort of space where he could exercise and run a boxing program. With 20 years of fighting experience and a work history at fitness centers and of teaching boxing classes to kids, he was ready to have a place on his own.

Then, when he was least expecting it, the opportunity to buy a space presented itself as the perfect option. Warehouse Fitness & Training Center in Scottsbluff, Nebraska, had been open for decades, but it had changed owners several times during that period.

“When it ended up on the market again, my wife and I weren’t actively looking for a place, but we thought it might be the right time to take a chance and give it a shot,” Rene said.

Due to lack of down payment funds, Rene and his wife, Marcia, were unable to get financial assistance from

a traditional bank. So, with a recommendation from their realtor, the couple reached out to the Center for Rural Affairs.

The Center approved a loan for Rene and Marcia, a loan made possible by the U.S. Department of Agriculture Rural Microentrepreneur Assistance Program (RMAP). Created in the 2008 farm bill, the program has enabled numerous small rural businesses to access much-needed loan capital and technical assistance. RMAP makes grants to organizations, like the Center, that provide training and technical assistance and make small loans to new and existing rural small businesses.

With RMAP up for renewal in the farm bill being crafted in Washington, D.C., the Center is advocating to continue and improve this important program.

To qualify for RMAP assistance from an organization, a business must be unable to access loan capital or finan

cial assistance from other sources. They must be either a sole proprietorship, or have 10 or fewer employees, and be located in a rural area.

Kim Preston, Lending Services director with the Center, helped guide the couple through the loan application process, and they were able to take ownership of the gym in November 2022.

“Maricia and Rene are determined business owners, they are willing to make any and all sacrifices necessary for the growth of their business,” Kim said. “They are making smart decisions and putting their business on a path for success.”

Not only do Rene and Maricia have good business sense, they are also running their business in a way that helps their community.

“They see the gym as an opportunity to provide positive outlets for youth and an opportunity to help uplift their community and promote healthy lifestyles, discipline, and life skills that will benefit youth for the rest of their lives,” said Kim. “Rene and Maricia are athletes themselves who know the positive influence that sports, competition, and fitness can have in a person’s life.”

The couple used their loan to buy the existing business and commercial building, as well as do repairs including replacing the failing geothermal units in the floors. The building is home to additional businesses including a barber shop, salon, and Airbnb units on the upper level, so Rene and Maricia are landlords to these tenants.

Through the purchase of Warehouse Fitness & Training Center, Rene was able to realize his dream and find a home for RPM Boxing Club.

He also trains professional fighters, soccer players, and cross country runners. Rene takes his professional fighters to

compete every month in places like Atlanta and Orlando, and his amateur fighters have gone to competitions in Colorado and Nebraska.

Although he’s living his best life every day, Rene says there are ups and downs to being a business owner.

“Having hard conversations that most people don’t want to have about rent being due and repairs isn’t always easy,” he said. “There can be long days, but I don’t see it as work; I enjoy it.”

The couple puts in long hours running the gym, and they work outside jobs as well. Occasionally, their family helps with cleaning or small jobs around the building. Local youth also do community service work at the gym.

When time allows, Maricia hopes to take advantage of the Center’s training sessions and workshops designed to assist business owners, including marketing, bookkeeping, and more.

“The Center has been super helpful to us,” she said. “I think for most people, without the Center, a lot of their business ventures would not be possible. We’ve learned a lot during this process and we’re better financial managers because of it.”

Rene and Maricia hope to continue updating parts of their building such as windows and to upgrade gym equipment in the near future.

“Money isn’t a huge priority right now; we’re just making sure people are happy and that we are giving a good product,” Maricia said.

Need financing to start your own business or make repairs to an existing business? Contact your regional loan specialist. Find yours on pages 10 and 11. 📍

5 considerations when your business is hiring

By J'Nan Ensz. Jessie Eby contributed to this article.

Many small businesses begin as a mighty team of one or two and quickly recognize the need for additional help. In addition to executing the tasks for the business, you're probably also running behind-the-scenes jobs such as cleaning and maintenance, finances, marketing, and more. Do you think it's time to add an employee or two to the mix to help share the load? Whether you're thinking about hiring soon or later on down the road, there are a few things to keep in mind.

1. Can you afford to hire an employee?

The most important thing to consider is whether you can afford to pay an employee. Although it may be nice to get an extra set of hands, that could create financial strain. Make sure to be realistic with your financial projections and err on the conservative side. Refer to your business plan and financial records to determine whether now is the time to hire, or if you need to wait and continue to grow the business for a while.

2. How much does it cost to hire an employee?

Understanding the cost of an employee is a little more complex than simply considering their salary. You won't simply be paying their wage; you'll also need to account for payroll taxes. Whatever you plan to offer as a wage, you can expect to add about 10% to cover payroll taxes. It's a good idea to set up a separate bank account to hold this additional 10%, plus the employee's withholding. This will help you be sure you've set aside enough money when it's time to pay taxes.

What are payroll taxes?

Payroll taxes include FICA, Medicare, state unemployment, and federal un-

employment. It can be hard to get a solid estimate of your state unemployment taxes, as it is determined by the line of business you're in. If it's a profession with a higher turnover rate, your unemployment taxes will be greater.

What is workers' compensation insurance? Does your business need it?

Workers' compensation covers employees in case of accidental injury on the job and is a requirement for all employers, no matter the line of work. If you have employees, you are required to carry workers' compensation insurance. Premiums vary based on the level of risk associated with the job.

3. What kind of employee do you need?

No two businesses are alike, and employment needs can vary. Determining the volume of work you have available and the amount of money you can offer can help you discern the type of employee you're looking for. In addition to considering the needs of your business, be aware of strict labor laws which will help you determine the type of employee you can hire.

Salaried employees

A salaried employee is one who earns a set amount of money regardless of hours worked. Salaried employees must earn at least \$35,568 in the state of Nebraska, the current salary threshold determined by the Fair Labor Standards Act. Typically, salaried employees are also offered a benefit package that includes paid time off (vacation and sick days) and health care coverage.

Hourly employees

An hourly employee is paid based on the hours they work. They must be

paid overtime if they work more than 40 hours in a week. Generally, part-time employees are paid hourly. Hourly employees are often not offered paid time off or health care coverage.

Exempt vs. non-exempt employees

An exempt employee is exempt from the Fair Labor Standards Act overtime regulations and therefore is not eligible to receive overtime pay. These employees are often salaried and typically hold administrative, professional, or executive roles. A non-exempt employee is typically paid hourly and earns a salary of less than \$35,568 annually. Non-exempt employees must be paid overtime when their weekly hours exceed 40.

Employees vs. independent contractors

As mentioned before, if you have an employee, you'll need to account for payroll taxes and workers' compensation in addition to the wages you plan to offer and any benefits you plan to provide. Although they may be part-time or full-time, they would be working solely for you while they are on the clock, and you would be in charge of their training and supervision.

An independent contractor has their own business, files their own taxes, and does not receive any benefits from you. Generally, you would not be required to carry workers' compensation. However, there are rules that determine whether you're allowed to treat someone as an independent contractor. Also, generally speaking, an independent contractor is going to fulfill duties that don't generate income for your business, but rather help you maintain it. Some examples of this would be hiring a weekly cleaner, outsourcing your website maintenance, or working with

a designer. Be aware that the IRS has criteria that determine whether someone is truly an independent contractor.

4. How to hire an employee

Before hiring an employee, you'll need them to fill out an application. Generic application templates can be found online, but if you need an application with more specific questions that relate to your business, you'll want to consult with a human resources specialist. There are certain things you cannot ask on an employment application and verbiage you should avoid using. A human resources professional can guide you to ensure that you're complying with all labor laws.

Once you've hired your employee, they will need to complete a Form W-4 and a Form I-9. The Form W-4 allows your employee to indicate how much should be withheld from their check for federal taxes. The Form I-9 is used to verify the employee's identity and confirm they are either a U.S. citizen or that they're allowed to work in the U.S.

BUSINESS COACHING

5. Avoiding compliance issues

As a small business owner, you're probably pretty resourceful and scrappy—your entrepreneurial spirit is likely the reason you've made it this far in your business. We know it's tempting to try to tackle your finances and bookkeeping, but once you add employees to the mix, things get more complex. There are many compliance issues to be aware of and it's always smart to have a professional on your side. We suggest finding trusted financial and human resources professionals for guidance. 📌



Do you need personal, one-on-one business assistance? Our business specialists and consultants can work with you virtually or in-person on business planning, financial goals, and more. Request an appointment by emailing wbc@cfra.org.

Our loan products

Apply at cfra.org/loans

✓ Small Business Loan

Up to \$250,000 for working capital, equipment, inventory, and real estate.

✓ Express Loan

For borrowers with credit needs less than \$20,000. Fewer documents and faster decision.

✓ Housing Loan

Mortgage loans between \$5,000 and \$100,000 are available for purchase of home, owner-occupied rehabilitation or renovation, or emergency repair to a property.

✓ Meat Processing Loan

Loans between \$50,000 and \$5 million are available for expansion of existing business, start-up of new business, real estate purchase, new construction, facilities update or expansion, equipment purchase, energy efficiency upgrades to facilities and equipment, purchase of an existing business, or working capital.

Business development services

Business counseling

Business development specialists are available for consultations on business troubleshooting, cash flow and budget, loan packaging, and more.

Loan specialists

We have a statewide network of loan specialists ready and willing to help you along your small business journey. Find your specialist on pages 10 and 11.

Start-up checklist

You have a great idea for a new small business. Congratulations! That's the first step. But, you need to do a few other things to turn that idea into a business. We offer an online checklist with actions to get you started. Visit cfra.org/business-start-checklist.

Events and networking

We host various workshops and networking opportunities focused on emergency preparedness, marketing, business plans, social media, specific industries, and more. To stay up to date, visit cfra.org/events.



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Business spotlight

Saved By The Well

Owner: Kaelyn Armstrong

Opened: May 2023

Location: Varies with events; primarily in western Nebraska

Industry: food services

Type of assistance: Business loan, one-on-one assistance.

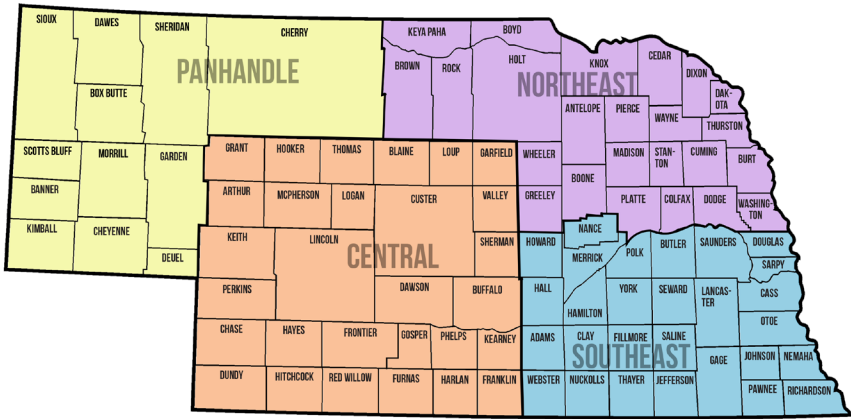
The loan was used to purchase the bus and the necessary equipment and supplies. A portion of the loan went to a new paint job and some detailing work on the bus.

About the business: Saved By The Well sells coffee, teas, smoothies, Italian sodas, and lemonades out of a converted school bus.

In Kaelyn's words: "The Well represents a place where people have gathered forever to get sustenance, and for women, specifically to socialize. Back in the day, women would go to the well early in the morning to beat the heat and fetch water for their families for the day. It was a time of togetherness."

"My favorite part of being a business owner is knowing that I can do it. I have felt a real freedom in being able to tell others you can be a lot of things. You can do more than you realize."

Find your lender



Directors

Lending Services Director:

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 145 Main St., PO Box 136, Lyons, NE 68038
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 Fax: 402.687.2200
kimp@cfra.org

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Griselda Rendon, Loan Specialist
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Questions and loan application process



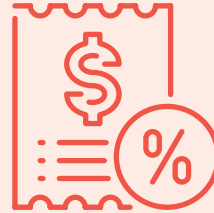
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SERVICE MAP



Join in the conversation. Our loan specialists are on Facebook.



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