

## Tapping the Money Tree: How the "Top 25" Initiated Cash Flow



There are no easy answers when it comes to establishing and growing a business. Not even for the top 25 women-owned businesses in New Mexico. Some problems faced by these businesses are those of any business starting up and some are unique because a woman is the owner, the one in control. And, sometimes being a woman is an advantage.

Twelve of these businesses [I spoke with 23 of the top 25] were started with or by the husbands of the women who now own them; seven were started with family members—like parents or siblings; four were partnerships; and three were started by women alone. Most of these businesses are service oriented—travel agencies, financial services, temporary help agencies. But, they also include a jewelry manufacturer and computer companies, as well as more traditionally male businesses such as utility suppliers and oil and gas businesses.

The sources of financing these businesses have tapped is wide-ranging—and the financing has been for loans as small as \$1500, to loans and lines of credit in the millions. While banks were the single largest source of financing, they were cited as a source of financial support by only eight businesses. It seems that flexibility, imagination, and perseverance are critical to getting the monies needed. The stories that follow are strikingly similar to stories cited in *Inc.* magazine's March 1995 cover article entitled "Say Good-bye to Your Banker."

Jezlaine, Ltd. is a jewelry manufacturer owned by Robin McVey. She had a history in the business, as did her mother. She used personal savings to start her company here in New Mexico, and it began in her garage. "No bank would lend me money ... Now, everyone is banging down my door. I grew as I could afford to," says McVey. She picked up an attitude from the banks that women were flighty, not smart.

McVey used a factoring company to buy their invoices, allowing them to get cash (albeit discounted) on their accounts receivables right away—they didn't have to be bothered with delayed payments. "Thank God for them. My business is cash based. They buy the invoices and then collect them."

Shirley Jones, owner of Mega/Universal Oxygen Services says "I knew what I wanted to do. I set goals. Then it was work, work, work—no one was going to give it to me."

Jones worked as a respiration therapist in a hospital in Albuquerque when she started her oxygen service business in a two room office in Espanola in 1988. She did both for three years.

Her business has grown because people knew her and trusted her, and by expanding by opening facilities around the state—in places like Cuba, Shiprock, and Crown Point. She had financial help initially from two people who believed in her and lent her \$10,000.

Sally Olinger, of Olsten Staffing Services initially had a partner and didn't even get paid her first year. "I had a hell of a time getting money," Olinger says. "I had nothing behind me. I had five years experience working for other temporary services ... Eventually my family provided collateral, so I got the money [\$16,000], which was paid off in five years." And she bought out her partner the next year.

M.J. Shetron purchased the Norrell Temporary Services business from another woman. "I needed financing. It was very difficult. I had some personal savings, maxed out credit cards, got more credit cards... Bled them dry. I was turned down by a bank. I became discouraged." Finally, she went back to Norrell and they gave her a three year loan, and did not require her husband to sign anything. That loan was enough. And after she was listed last year as one of the top women owned businesses, "every bank in town came to see me—and wanted to loan me money," says Shetron.

The four women who own the travel agencies have all worked hard to establish their businesses but have not had the same difficulties with financing other women have spoken about.

Sandra Bundy, of Bundy Enterprises Inc. got a loan from a bank. She had good credit, but her husband was still asked to co-sign. And after the original loan was paid off, they've been loan-free ever since. "My number one asset—I surround myself with good people."

Barbara Swan's mother started her travel agency, Aladdin, on \$5,000 personal savings. Barbara and her brother and sister bought out her parents over seven years. In 1991 they merged with Zia Travel and became A to Z Travelink Inc., and Barbara bought out her siblings in 1994. Most of this is being financed out of business income. Vendors have helped with cash to make down payments and a local bank has helped with financing one acquisition. Swan says, "If I needed money, I could get a loan against receivables, contracts." She has a business consultant on retainer who helps her write her business and financial plans.

The successful computer companies have grown as the industry expanded, but financially it wasn't always easy because many businesses failed. Chang Corporation was started on personal savings when PCs were still novelties. It is Cecilia Chang's business, but she is shareholder with her husband, who has been required to sign for loans. "In the beginning I don't believe I could have done it alone. They didn't believe in me," says Chang.

Their business took advantage of industry growth, and they also got a foot in the door because of being woman-owned, particularly with government agencies. After five years in business, they found a banker willing to help them. They now have loans and lines of credit. "Our growth, our credit and financial history has led to greater respect. We are proven, stable."

Caroline Roberts started Computer One, Inc. to sell services and support on Macintosh computers. They have grown many times and very fast. "It was a tough period. We grew very quickly. When you need it, you don't have it. We had a new contract, and didn't have the cash flow to start a new division," says Roberts.

She started the business solely on her own finances, education, and experience. Yet when she needed help, her husband was required to co-sign and she made personal guarantees for the loans. Vendors weren't willing to work with her unless her husband signed. Roberts says, "There are barriers for women—there's an attitude women can't run a business, they're supposed to be home raising babies... That attitude is changing somewhat ... but no one is ever established enough. Financial institutions perceive



women as being riskier to work with so they ask for more.”

Carole Petranovich and her husband started their computer business as a part time resume and word processing service. It was a side business while they were still employed elsewhere. It eventually became Computer Corner Inc. They developed special relationships with their suppliers, which allowed them to enter a new growth mode. The vendors gave them longer terms, and somewhat lower prices.

Five woman-owned businesses are in what might be termed traditionally male areas—oil and gas distribution and services, electrical contracting, sales of parts for city water systems and parts supplies for the heating and air conditioning industry.

Quadco, oil field sales and services, was started by Y.M. (Bonnie) Connelly and her husband out of their garage, working weekends. Things were tight for a long time, but they didn't use family money or personal savings. They grew with the oil boom in the 50s, which allowed them to expand. Eventually, they got an SBA loan to pay off some equipment and since then have had two huge loans. They've maintained good credit with their banks. After her husband died in 1991, Bonnie says, "I was scared to death. Went to the bank ... they said they had full confidence in me. Since then, we've built a new building, bought new equipment, we're branching out ... doing real well."

Mary Garza's husband, Ralph, started Solar Electric out of his pickup and a pouch. "I worked with him from day one," says Garza. When her husband died in 1989, she had a big decision to make—and she and her nine employees agreed to continue for one year. She needed a bond for \$50,000 and really struggled to find a company to work with. Finally she got a \$50,000 line of credit at a bank, but that whole year was difficult. Today, she is bonded for \$16 million and she is on the board of directors of First National Bank. She cites "hard work, determination, quality of workmanship from our employees... Quality meant everything to us" as reasons for her success.

Dorothy Queen, of Queen Oil & Gas Inc., started the company with her husband. "It was a small local business when we started, with four to five employees. We financed the furniture in our living room" to fund the company. They have obtained loans to help their expansion—they bought five smaller companies over a period of five years. They had a small operating capital loan of \$25,000 and eventually an SBA loan. Since her husband died Dorothy has had to learn how banks think. "I've gone to seminars and association meetings, I've read national studies... the problems are complex." She is now using leasing companies for her rolling stock (18 wheelers) and has no real trouble with banks. Bigger banks are now seeking Queen Oil business.

Judy Roberts runs Rocky Mountain RV and Marine World, but "from the beginning my biggest partner was my husband." Their growth has been gradual and she has developed a good relationship with a banker. "It's imperative to get a good rapport with a banker. I talked him into giving us a chance. We had eight different sources of financial support [originally]. Everything I own is promised to everyone and his brother. Now, probably, after proving what we can do, I can move away from personal guarantees."

Judi Friday, of Friday Motors Inc., started as a warranty clerk in her husband's car dealership in Taos. "Larry went through three bookkeepers and finally asked me—at that time, I couldn't even balance my own checkbook, but he trusted me. At first I did everything by rote—I had this manual, and did it exactly as the book said." Things evolved and Larry got involved with racing and for the last ten years the dealership has been Judi's.

Money for them has been no particular problem; they do most of their financing through General Motors, but help has also come from Judi's family. Her maiden name is Galles, and when they needed help, they often got it from her family. "I had lots and lots and lots of help. I have wonderful resources. When we had problems with our parts department, my family helped. When we had financial problems, my family



helped. I've been fortunate. Originally, Dad owned 75% [of the dealership], but ultimately we bought him out. With banks, our name is important. I had a head start over every other woman."

Lynne Behnfield, of Professional Writing Services—Creative Computer Services, started her business alone, using her retirement funds. She started as a consultant and within weeks she required help and expanded into technical writing. Early on, she wanted to establish credit, knew how important it would be long term. She went to get a \$1500 loan to buy a computer. She had to fill out the same forms as though she were borrowing a lot and had to pledge personal assets. "I don't think I would have gotten that first loan if I had not been known to that bank as a person of property ... which should be irrelevant," says Behnfield.

One of her keys to success was setting up a board of directors that had "all the strengths I didn't have—a lawyer, a CPA, marketing, engineering, a long time professional writer, and a business broker."

The other major thing she did was a market survey—to know what her market was and where it was. She still uses that original survey. "It was big up front money, but a 'must' —is your business viable? At what price?"

Laurie Steinberg, formed Education Assessment Systems, Inc. with two other people. They did it with "personal savings, no bank. We had a folding bridge table, a closet size office, and sold only our personal services originally," Steinberg says. "We were working with schools, and they couldn't find therapists, so we started recruiting therapists." And to fund this, to handle the cash flow, they went to a bank, and got a cash flow loan based on account contracts. "It was nothing special," Steinberg says.

Sandra Corless and Kathleen Winslow started Corless, Winslow & Associates with income from day one. They both had been in the financial services business and were able to take clients with them. For about two months they worked out of Corless's townhouse. They made a conscious decision to keep their overhead down to what the two of them could afford, until they were more established. They were not dependent on savings. According to Corless, "No one thing led to growth. Lots of hard work for a number of years. Had loyal, hardworking associates, with low turnover."

Kathleen Olson bought into the RECA / Better Homes & Gardens real estate agency via a second mortgage. She had three other partners, who borrowed from banks to buy in. Some growth of the company has been paid from within and some from lines of credit. In 1993 she purchased two buildings and have relationships with two banks now. All shareholders, including her husband, have to sign for loans, and they are based on assets and track record.

Olson attributes their growth to their sales associates and hard work. And her advice is good for all of us—"Planning is important, don't take no for an answer, go higher up, persevere, believe in yourself."

In the March 1995 issue of *Inc.* magazine, entrepreneurs say banks are no longer the sole source of financial support. Banks must get more competitive to attract and keep small businesses. Educating your banker and learning about them as well as other resources is what you as an entrepreneur must do. The wide variety of financial resources used by successful New Mexico women entrepreneurs is similar to what is happening all over the country. It seems the best advice is to stay knowledgeable, ask for what you need and want—both in terms of money and services. Be open to opportunity. There are organizations who want your business. So persevere.

<http://cinnabarbridge.com/publications/articles/>

