

Capital Access for Main Street

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Testimony of: Amy O'Hara, Owner of When The Shoe Fits.

I'm Amy Ohara here with my husband and business partner Alan O'Hara and we own a four store chain of high-end comfort shoe stores based here in Vancouver called When the Shoe Fits.

To give a bit of our background: We have worked in various aspects of the footwear industry for our entire adult lives. Between the two of us, we have experience in retail sales, buying, merchandising, marketing, and manufacturing.

About 12 years ago we began the process of trying to realize our dream of our own retail shoe store. We knew we had the ability, drive and energy, and also knew our market area was greatly underserved. Our major roadblock, however, was that we had no money. We had perfect credit, and fantastic resumes yet no easy source of capital to tap into. We had no idea where to even begin but we were lucky enough to have someone suggest we contact SCORE – an organization we had previously never heard of.

SCORE was nothing short of a miracle for us. They listened to our concept, talked us through potential pitfalls and challenged us at every turn. They then helped us build a business plan and bank proposal and probably most importantly, they were who taught us about the SBA lending program.

Armed and ready we presented to our first bank, chosen because it was known to be aggressively lending. Well, that bank turned us down. And to tell you the truth we lost count of how many banks turned us down after that. We grew to learn the unwritten rule that banks all wanted their loans to be 100% collateralized. As a retailer our largest expense is inventory and the valuation of that asset is pennies on the dollar in the eyes of a bank. That was frustrating. Were that the case, we would have no need for borrowing in the first place. Furthermore, we both knew that we could not go in to this venture undercapitalized as that would be a certain recipe for disaster.

Finally, *finally*, a banker (after rejecting our loan of course) was willing to tell us off the record that if we were to go ahead take out a home equity loan for as much as we could so that we were bringing cash to the table instead of home equity, it would be much more appealing. We did, and that was the magic move as the next bank we went to chose to take a chance and give us a loan.

Our first store opened in 2004 and was nearly an instant success. We opened our second store, in 2007, though for that we were able to secure a conventional loan.

Shortly thereafter, as we all know, the recession took a firm grip. While we certainly took a hit in sales and thereby profit, we dug deep, worked smarter, did more with less, and continued to remain profitable and thrive.

By 2010 we not only felt confident in our ability to withstand, but we realized it was a great time to expand as leasing terms were favorable here in Clark County. In 2011 we opened a third store in West Vancouver. By then, however, lending was unbearably tight if not impossible. Despite a great relationship with our bank and excellent financials our only option appeared to be the SBA route.

In early 2013 we decided to expand in to the Portland market. Our profitability was at an all-time high, we had a flawless reputation with our bank, yet we were AGAIN told that it would have to be SBA backed. It was the inventory valuation equation again.

That was stunning to us. I remember saying that if WE have to go SBA, how does ANYONE get a conventional business loan these days for ANYTHING? It truly helped me respect the value of good timing. I am not sure in today's climate we could have navigated this loan environment. Without access to small business lending we would not have been able to set this endeavor in motion. We now proudly employ nearly two dozen people, provide them with health insurance and disability benefits, vacation pay, a 401K plan and most importantly, a living wage. We believe we are a true asset to the community. We WANT businesses like Shoe Fits to open and work. But how do the *next* Alan and Amy get a bit of help?

In conclusion, allow us to tell you we are grateful.

In my opinion we are the epitome of the American dream, and it is truly because of the SBA and SCORE.