



U.S. Senate Committee on
Small Business & Entrepreneurship

NEW HAMPSHIRE
SMALL BUSINESSES



Helping New Hampshire Small Businesses

The Role of the SBA in Driving Growth





Summer/Fall 2017



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Dear Granite Stater:

As a former small business owner, I understand the challenges that face small businesses in New Hampshire every day. Whether it is balancing your budget, meeting payroll, finding new customers, attracting talented workers, or trying to understand the maze of federal, state and local regulations – small businesses have more than enough to worry about.

With deep roots in their communities, small businesses and their employees are the engine driving the New Hampshire economy. In fact, more than half of Granite Staters are employed by one of our 132,000+ small businesses. My job as your senator is to make sure New Hampshire’s small businesses and entrepreneurs have the necessary tools and information to start, grow and thrive.

As the Ranking Member on the U.S. Senate Committee on Small Business and Entrepreneurship, I’m pleased to share this new guide for small businesses. Inside you’ll find a broad range of helpful resources offered by the U.S. Small Business Administration (SBA), the federal agency charged with helping America’s small businesses, including:

- ✓ **Capital:** Financing Options to Start or Grow Your Business
- ✓ **Counseling:** Getting Help to Start Up, Market and Manage Your Business
- ✓ **Contracting:** Winning Contracts with the Federal Government
- ✓ **Disaster Assistance:** Types of Assistance Available to Recover and Rebuild

You’ll also find program information for veteran entrepreneurs and small businesses seeking export assistance to reach customers outside of the United States.

I hope you find this resource guide valuable. If you have any questions, need assistance with SBA or contact information for small business resources available in New Hampshire, please visit my [website](#) or contact one of my regional offices.



Sincerely,

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United States Senator

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The SBA Matters in New Hampshire

In New Hampshire, small businesses employ more than 289,000 Granite Staters and make up 99% of all employers. The Small Business Administration (SBA) provides a range of services – including help with loans and business counseling – that enable small businesses to grow, especially in rural areas of the state.

SBA Services in New Hampshire:

✓ **Boosting Access to Capital.**

According to the National Small Business Association, 41% of small businesses say a lack of capital is hurting their ability to grow. In 2016, SBA's programs helped 613 New Hampshire small firms get \$146.2 million in loans or investment capital.

✓ **Reaching International Markets.**

Although 95% of the world's customers live overseas, only 1% of small businesses export. The State Trade Expansion Program (STEP) provides grants to states to help small businesses reach new markets.

✓ **Increasing Access to Federal**

Contracts. The U.S. government is the world's largest buyer of goods and services, awarding nearly \$500 billion in contracts each year. The SBA works to open up contracting opportunities for small businesses, especially those in distressed areas or owned by minorities, women and veterans. In 2016, SBA helped New Hampshire small businesses win 7,640 contracts, worth nearly \$1.4 billion.

✓ **Counseling.**

Working with local partners, SBA provides free or low-cost counseling, mentoring and training for entrepreneurs. In New Hampshire, SBA's counseling programs helped over 6,000 entrepreneurs in 2016.

✓ **Providing Disaster Assistance.**

The SBA's Disaster Assistance Loan program provides low-interest loans to support long-term recovery after a disaster strikes. In response to the Mother's Day flood of 2006, SBA awarded 415 survivors \$11.5 million in loans.

✓ **Helping Small Business Innovate.**

The SBA's innovation programs help level the playing field for small businesses to compete for a portion of the nation's \$140 billion in federal R&D. Since the creation of these programs more than 30 years ago, New Hampshire's high-tech small businesses have won 1,935 awards worth \$611.4 million.



SBA Programs:

New Hampshire Impact in Detail



Access to Capital

The SBA offers a spectrum of financing options for small businesses and entrepreneurs, ranging from microloans that average \$13,500 to venture capital-type investments that average \$2 million.

The vast majority of SBA's capital is delivered through its loan guaranty programs, accounting for nearly \$29 billion in 2016 to more than 70,000 small businesses. SBA guarantees loans issued by approved lenders to encourage those lenders to provide loans to small businesses that might not be able to obtain financing or credit on reasonable terms and conditions elsewhere or that would create or retain jobs. Its largest loan programs are the 7(a) loan guaranty and 504/CDC loan guaranty program. Within the 7(a) loan program, there are loans to support international trade and export promotion, and initiatives to increase loans to minorities, women and veterans.

The **SBA 7(a) Loan Guaranty Program** is the agency's flagship capital access program and a model for public-private partnerships. It provides government-backed loans for small businesses that have repayment ability but are

unable to obtain a conventional bank loan. SBA makes no direct loans in the 7(a) program. It partners with the private-sector lenders that loan their own money. SBA guarantees the loans. The maximum loan size is \$5 million, with a maximum term of 25 years. The program is zero subsidy and therefore requires no appropriation. While the 7(a) loan program is a small percentage of overall bank lending to small firms annually, it is one of the largest sources of long-term capital (more than three years) in this country and essential to the spectrum of lending to small businesses. With long terms, small businesses can spread out the payments and maintain a healthier cash flow.

The **SBA 504 Loan Guaranty Program** backs long-term, fixed-rate loans (up to \$5.5 million) to support investment in major assets, such as real estate and heavy equipment. The program has a mandate to fund projects that create or retain jobs. The 504 loans are delivered through certified development companies (CDCs) which are private, nonprofit corporations. The program is zero subsidy and requires no appropriation.

CDCs work with the SBA and private lenders to provide the financing. The SBA guarantees the CDC's portion of these loans.

The **SBA Microloan program** provides funds to qualified nonprofit intermediary lenders for loans and technical assistance. The microloan intermediaries, in turn, make "microloans" of up to \$50,000 to small businesses and nonprofit child care centers. The program also provides funding to the microlenders to provide marketing, management, and technical assistance to borrowers. Notably, the SBA Microloan program is the only SBA lending program with a direct mandate to assist minority

entrepreneurs and other business owners who are underserved by conventional lenders. Microloans can be used for working capital, supplies, or equipment. In general, minority-owned small businesses receive microloans at rates that exceed their overall share of business ownership. The microloan program proportionally serves more minorities, and women, with loans to women-owned firms at 37% and to African American-owned firms at 32%. 21% of microloans were made to small firms in rural areas.

The **Small Business Investment Company (SBIC) Program** helps provide

early-stage capital to entrepreneurs. Small Business Investment Companies are privately owned and managed investment funds that use their own capital plus funds borrowed with an SBA guaranty to make debt investments in qualifying small businesses. The SBIC program works alongside private venture capital firms to fulfill a specific role. Where private venture capital firms tend to invest in more experienced and mature businesses for much larger amounts, SBICs invest at an earlier stage for much smaller amounts.

New Hampshire Access to Capital Impact in 2016

- ✓ 515 loans under the 7(a) program totaling \$78.2 million
- ✓ 85 loans under the 504 program for \$33.4 million
- ✓ 7 microloans totaling \$117,000
- ✓ SBIC investments totaling \$34.5 million.

(Small Business Administration)



Counseling

SBA's counseling programs provide technical assistance, mentoring and training to entrepreneurs and small business owners who want to start or grow a business. Services are provided for free or low-cost, using third-party entities such as nonprofits and universities that receive grants from the SBA.

Counseling Partners in New Hampshire

- ✓ **Small Business Development Centers (SBDCs)** provide free or low-cost assistance to small businesses using programs customized to local conditions. They support small business in marketing and strategy, finance, technology transfer, government contracting, management, sales, accounting, exporting, and other topics. SBDCs are funded by grants from the SBA and matching funds.
- ✓ **SCORE** is a national, volunteer organization, uniting more than 50 independent nonprofits. SCORE partners with more than 11,000 volunteer counselors with business experience to provide management and training.
- ✓ **Veterans Business Outreach Centers (VBOCs)** provide outreach, long-term counseling, coordinated service delivery referrals, mentoring and network building, procurement assistance and e-based assistance to benefit small businesses owned by veterans and Members of Reserve Components of the U.S. Military.
- ✓ **Women Business Centers (WBCs)** assist women entrepreneurs, helping them overcome the unique challenges they face. There are currently 111 WBCs, with at least one WBC in most states and territories.

New Hampshire Counseling Impact in 2016

- ✓ SCORE chapters, counseled 3,015 clients, with more than 35% hiring at least one new full time employee.
- ✓ In 2016, the Women's Business Center was granted \$150,000, and counseled 93 clients.
- ✓ 7 SBDC locations counseled and trained 2,571 businesses, saving or creating 35 jobs, and assisted in the formation of over \$29 million in capital for New Hampshire small businesses.

(Small Business Administration)

Contracting

Since 1988, Congress has set a government-wide minimum participation goal for small businesses to be “not less than 23% of the total value of all prime contract awards for each fiscal year.” The Small Business Administration has built on this concept through a series of set-aside programs targeting historically disadvantaged groups plagued by an inability to access federal contracts.

✓ **Service-Disabled Veteran-Owned Small Businesses**

(SDVOSB) are required to receive not less than 3% of federal contract and subcontract awards. The program provides agencies with the authority to either set aside or directly sole source contracts to firms owned and controlled by service-disabled veterans.

✓ **The Historically Underutilized Business Zones**

(HUBZone) Program helps small firms in SBA-designated depressed rural and urban communities gain preferential access to federal contract opportunities. Currently, not less than 3% of federal contracts must be awards to HUBZone firms. Significant swaths of the state of New Hampshire have been designated as HUBZones.

HUBZones in New Hampshire: Notable HUBZones include the entirety of Coos, Sullivan and Grafton counties as well as areas of Concord, Dover, Manchester, Nashua and Rochester. *(Small Business Administration)*

✓ **Small Disadvantaged Business (SDB) Self-**

Certification is available to small businesses 51% or more owned and controlled by one or more disadvantaged persons.

✓ **Mentor-Protégé Program** pairs small businesses

with larger “prime” federal contracts to help smaller firms successfully compete for government contracts.

✓ **The 8(a) Business Development Program** provides

nine-year development and transition assistance to socially and economically disadvantaged small firms. 8(a) participants, either individually or in joint ventures, can access set-aside contracts of up to \$4 million for goods and services and \$6.5 million for manufacturing. 5% of federal contracts are targeted to 8(a) firms.

Procurement Technical Assistance Centers (PTACs)

are available to assist small businesses navigate the complex contracting process. The NH PTAC office is in Concord, New Hampshire. *(Small Business Administration)*

✓ **Women-Owned and Economically Disadvantaged**

Women-Owned Small Business (WOSB and EDWOSB)

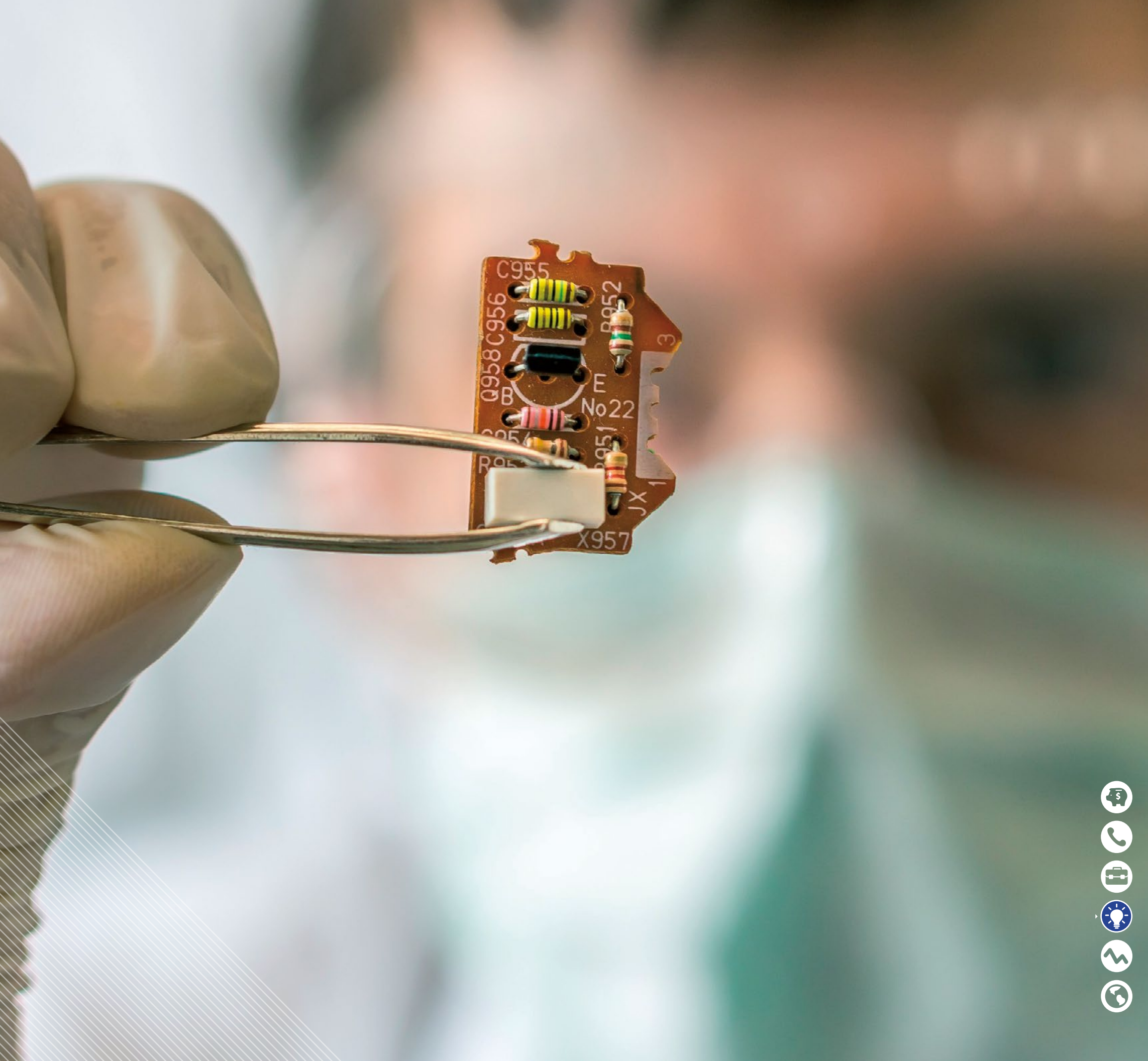
set-asides and sole source contracts allow these firms to receive not less than 5% of federal contracts.

New Hampshire Contracting Impact in 2016

- ✓ Small Disadvantaged Business: 343 awards for \$72 million
- ✓ 8(a): 64 awards for \$18.7 million
- ✓ Service-Disabled Veteran-Owned: 437 awards for \$60 million
- ✓ Women-owned: 450 awards for \$21 million
- ✓ HUBZone: 48 awards for \$28.6 million

(Small Business Administration)





Innovation

The SBA oversees the **Small Business Innovation Research** (SBIR) program, which is designed to increase the participation of small, high technology firms in federal research and development (R&D), provide more opportunities for the involvement of women and under-represented individuals in the R&D process, and result in the expanded commercialization of federally funded R&D.

Current law requires that every federal department with an R&D budget of \$100 million or more operate a SBIR program, and those with the same budget of \$1 billion or more must operate a Small Business Technology Transfer (STTR) program. There are 11 SBIR agencies and 5 STTR agencies. Combined they allocate about \$2 billion to R&D with small firms.

New Hampshire Innovation Impact

- ✓ Since the creation of the SBIR and STTR programs more than 25 years ago, New Hampshire's small businesses have competed for and won 1,935 awards or contracts worth \$611.4 million.

(Small Business Administration)

Disaster Assistance

SBA disaster loans are available to individuals, businesses, and nonprofit organizations in declared disaster areas. About 80% of the SBA's direct disaster loans are issued to individuals and households (renters and property owners) to repair and replace homes and personal property.

Any business or nonprofit organization, regardless of size, can apply for a physical disaster business loan of up to \$2 million for repairs and replacements. These loans aid in long-term recovery by offering low-interest loans.

Economic injury disaster loans (EIDLs) are limited to small businesses as defined by the SBA's size regulations, which vary from industry to industry.

Since 1850, five hurricanes have crossed New Hampshire. In May 2006, the Mother's Day flood caused the worst flooding in New Hampshire since the New England Hurricane of 1938. Torrential rains poured 10 to 20 inches of rain on the southeastern portion of the state, and hundreds were evacuated. SBA awarded 415 survivors \$11.5 million in loans.

SBA Disaster Loan Impact in New Hampshire

- ✓ Over the past 10 years, SBA has awarded \$36.9 million in disaster loans to 994 survivors in New Hampshire. Recovery centers are usually located in Small Business Development Centers or in temporary locations near survivors.

(Small Business Administration)





Supporting Veterans Entrepreneurship

The SBA operates several programs that assist veterans in starting and growing their own firms. The **Veterans Business Outreach Centers (VBOCs)** provide training and resources, while **Boots to Business**, an in-person and online course helps service members transition to business ownership. **Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE)**, is a training program that helps women veterans build business skills, while the SBA estimates the **Entrepreneurial Boot Camp for Veterans with Disabilities (EBV)** has had 56% of participants of the program go on to start small businesses.

VBOCs in New Hampshire

- ✓ New Hampshire is covered by the VBOC in Providence, Rhode Island, with satellite locations in Nashua and Boston, MA.
- ✓ From 2014-16, there were eight Boots to Business courses offered at military installations in New Hampshire, with a combined 102 participants at the Portsmouth Naval Shipyard.

(Small Business Administration)



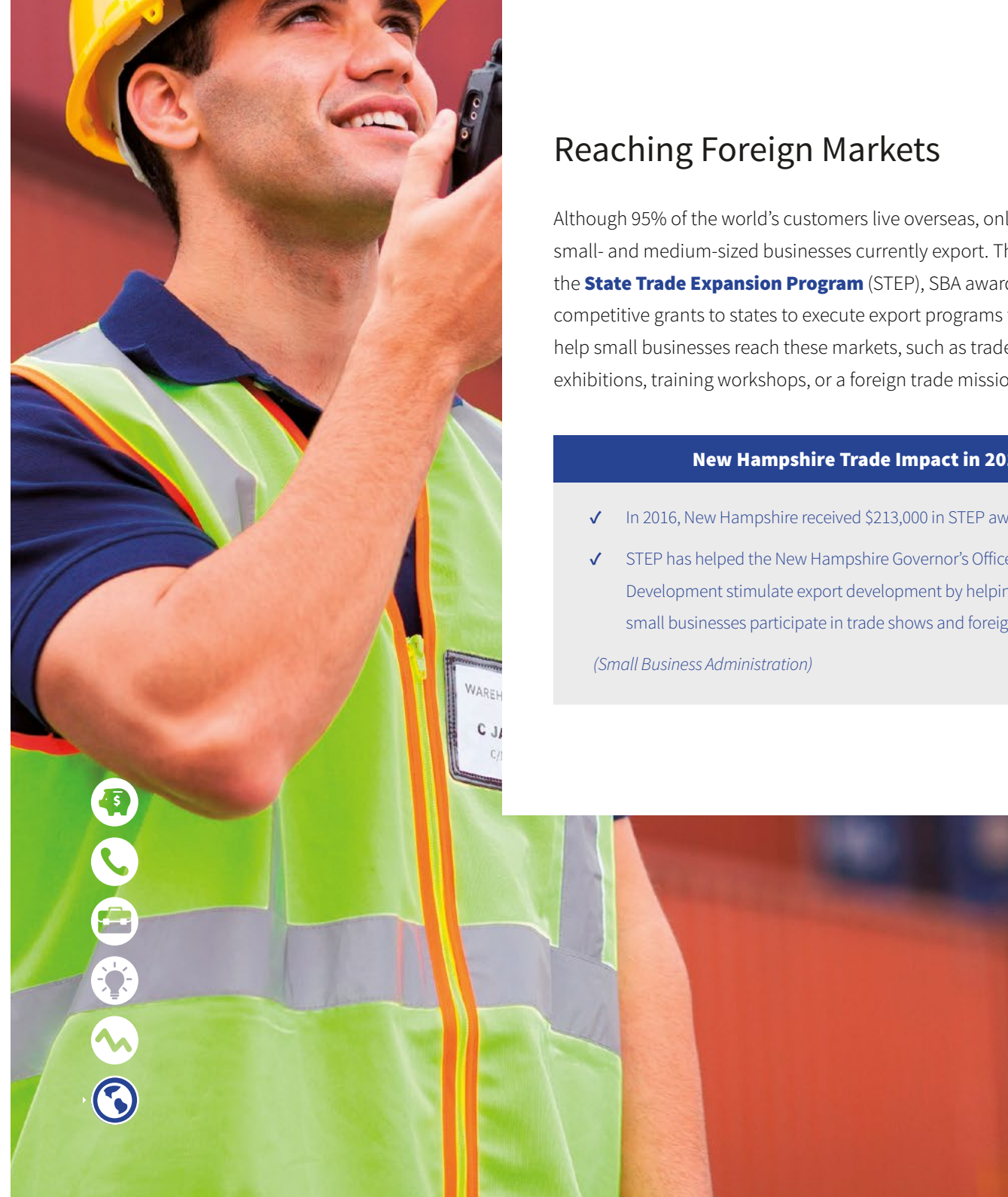
Reaching Foreign Markets

Although 95% of the world's customers live overseas, only 1% of small- and medium-sized businesses currently export. Through the **State Trade Expansion Program (STEP)**, SBA awards competitive grants to states to execute export programs that help small businesses reach these markets, such as trade show exhibitions, training workshops, or a foreign trade mission.

New Hampshire Trade Impact in 2016

- ✓ In 2016, New Hampshire received \$213,000 in STEP awards.
- ✓ STEP has helped the New Hampshire Governor's Office of Economic Development stimulate export development by helping New Hampshire small businesses participate in trade shows and foreign market sales trips.

(Small Business Administration)





New Hampshire Contact Information

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New Hampshire Small Business Development Center

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➔ nhsbdc.org

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➔ nheconomy.com

Center for Women and Enterprise

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➔ www.score.org

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