

Greetings from Boston...

In 1989, against all odds, as a recent college graduate at the age of 20, I started a business. – 25 years later the business I started, Lancaster packaging Inc. A SDB/8A firm is poised to do \$18 million dollars in sales this year.

The last quarter century has not been easy for Lancaster Packaging; I am here today to share my story. Lack of access to viable funding solutions has prohibited Lancaster Packaging from being a \$50 million dollar business today. The key to many start-ups succeeding is often help from family and friends, financial help. Still today, Black American Families have 1/10th the wealth of Caucasian Families. The majority of black-woman owned companies are companies of 2 or less. Access to capital and just plain access into the business world for minority women has been a long hard struggle. Even today, I struggle to get a seat at the table or if I do, to be seen as a legitimate contender there to contribute. When potential clients realized that there was no father or husband or better yet a white business man behind me, it took them a long time see value in my business. It took funders even longer to see the viability in a company run by a young black woman.

I started selling military spec. bags for the Aerospace Industry out of my house. With very little cash and a beat-up Ford Escort I became a business owner. In my early days, I worked with the Minority Business Development Center of Boston. The organization helped me write a business plan and experienced agents there acted as mentors, aiding me in the start up of my business. These centers are crucial for minority-woman- owned firms, just starting and throughout the life cycle of their businesses.

Over the years, I became a wholesale distributor of all types of packaging, but still having my mainstay in military specification packaging materials. The majority of our customers are US Aerospace Manufacturers.

There are companies that see the value and benefit from doing business with small, woman- black-owned business and for me one in particular, Sikorsky Aircraft of United Technologies. Sikorsky was my second customer at the start of my business and is one of my largest today. Sikorsky took government mandates as their own and doing business with minority-owned firms is now part of its culture. I point out this one organization specifically because for minority-woman owned firms to succeed it often just one or two companies that give us a true opportunity to grow. Without proper capital, not having at least one corporate champion usually results in failure.

Over the first five years in business, I could not get any type of funding what-so-ever. In 1994 I applied for a State funded loan program. After two years of working to get it, I was finally granted the loan...Two years later and 50 % less than I had requested. A little too late. I somehow survived.

In 2004, after nearly 10 years in business, I finally secured a traditional line of credit. In 2005, my largest customer at the time, New England's largest bank was both my bank and my customer. The bank was bought out by an even larger national bank. Within three months my business was gone from that customer. Within 1 year that very customer, who now was my banker pulled their line of credit citing, "Lancaster did not have enough business." Four six months I hunted for new line of credit, loan, anything. The end result was factoring our receivables at the high interest rate of 22%.

Here I was with grade A customers, ten years in business and no financial institution would touch me. I spent the years battling out of the factoring cycle. During those years, I was not able to hire, grow or increase the capacity of my business. Every dollar I had went to paying the factoring folks. This story is a very common story for the woman- minority owned business. Several of my fellow entrepreneurs had both SDB business, 8A contracts and large commercial contracts- yet no bank would touch them. Even business owners with SBA grantees struggle to get the banking community to invest in their organizations. This has been our history for the past twenty-five years, not just after the banking crises. In our world what the rest of the small business community has been experiencing since 08' has been our normal way of doing business. Most of us do not survive.

I applied for my 8A status late in the life of my company. Observing from the outside, I saw it as another battle. Once a company gets the certification, if you don't have a team devoted to marketing and business development, which most of us do not, you can be plodding around in the dark searching for business. I realize not all 8A firms have as much trouble as I did, but I do see that there is a gap/disconnect between the 8A firms and Government Procurement Agencies. There is not a great enough infrastructure to help connect the two. With the lack of access to traditional funding, you are spinning your wheels, or you end up in factoring, going through a process that strips your business of any profit and puts you on a financial treadmill while stunting your growth.

My growth came from branching out and morphing into a different kind of business. I needed money to grow and expand, without that, the only way to grow was to offer additional products and services. Today Lancaster is a supply management company offering wholesale distribution and procurement services in the supply chain. Lancaster is still dwarfed and held back by lack of funds. We are unable to take advantage of amazing opportunities that would aid us in hiring new employees and increase our capacity.

I am Boston Strong and that is why I survived; I know more of my kind would have if the environment had been more hospitable.

Thank you,

Marianne Lancaster, President