

Local SBA lending surges in popularity, up \$19.3M



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(Photo: SHAWN DOWD/@sdowdphoto/ / STAFF PHOTOGRAPHER)

Dick Webb knew a few things at Pierce Industries would have to change when he took over the fledgling contract manufacturer a dozen years ago.

The company needed to re-establish its customer base, spend heavily on new equipment and find a new home that would allow it to run its precision machining and re-manufacturing operations more efficiently if it were to survive. Webb, a Vietnam veteran, turned to the U.S. Small Business Administration to get the financing needed to turn things around.

A Patriot Express loan for former service members helped the firm purchase a \$75,000 piece of equipment. A \$800,000 loan through the organization's 7(a) program helped reorganize Pierce's financial structure. The company also moved from the city to a larger 60,000-square-foot plant on Paul Road in Chili that allowed it to

implement lean manufacturing principals and reduce costs.

"It has been a very helpful vehicle for us ... that's allowed us to increase our capacity and, more importantly, our capability that now allows us to go after new industries and new customers," Webb said. "It supported us when we needed it for growth."



Nick Bonacci loads a thermal printer frame rods into a milling machine at Pierce Industries. (Photo: SHAWN DOWD/@sdowdphoto/ / STAFF PHOTOGRAPHER)

SBA loans have surged in popularity in recent months as small-business owners feel more comfortable taking financial risks after the recession.

"We went through a time when people were kind of holed-in, they wanted to use their own capital and were still smarting from the recession," said Virginia Smith, Rochester branch manager for the SBA. "Now people are looking around and seeing opportunities, and they are willing to borrow money for those opportunities."

The SBA offers a variety of loans, all guaranteed by the agency to banks and other lenders. The guarantee allows lenders to overlook such things as poor credit, collateral or other issues that might prevent them from approving a loan.

"We can kind of see past a lot of those things," Smith said. "At the end of the day, can you repay this loan? We only care about cash flow."

The SBA's largest program, the 7(a) loan, has been so popular this year that President Barack Obama signed a bill into law raising the limit nationally on the program to \$23.5 billion, up from \$18.75 billion, after the cap was reached with more than two months left in the agency's fiscal year. Typically, the 7(a) loan is used to buy and operate companies as well as purchase and improve property and equipment.

The 7(a) program also has been highly popular in the Rochester area, Smith said. There were 338 loans totaling about \$62.8 million in Monroe, Wayne, Livingston, Ontario, Seneca and Yates counties by the end of July. There were 258 loans totaling \$43.5 million during the same period a year ago.

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Above, Heat blasts the end of a roller as it's run through a roll forming machine. Left, Pierce Industries, on Paul Road in Chili. (Photo: SHAWN DOWD/@sdowdphoto / STAFF PHOTOGRAPHER)

That's nearly 25 percent more loans this year and about 30 percent more in funds.

The top lenders in the area are M&T Bank, Five Star Bank, First Niagara Bank, Citizens Bank and Genesee Regional Bank, Smith said. "Everyone is finding deals and they are good deals and they are getting done with the SBA guarantee," she added.

Webb said funds from the SBA loans have allowed it to strengthen services for customers, including work on high-end color printing presses, copiers and efforts for the aerospace, medical equipment and mining industries. The company currently employs 46 people.

"We are seeing some pretty significant demands coming down the road with some new projects," Webb said.

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SBA lending

The Rochester branch of the Small Business Administration hosts regular workshops to help small-business owners understand various lending programs and how to secure various loans. For more, call the SBA at (585) 263-2711 or go to [sba.gov/offices/district/ny/buffalo](https://www.sba.gov/offices/district/ny/buffalo) (<https://www.sba.gov/offices/district/ny/buffalo>).



Pierce Industries, on Paul Road in Chili. (Photo: SHAWN DOWD/@sdowdphoto/ / STAFF PHOTOGRAPHER)

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