



Article 253

August 6, 2012

Strength without Splash: Small Businesses Generate Steady Growth

By Joseph H. Badal, Board Chair and President, New Mexico Small Business Investment Corporation

When avionics supplier Bendix/King and power grid connector Tres Amigas each selected New Mexico as their new administrative headquarters, the announcements represented the kind of economic development most regions aggressively seek. Bendix/King, a Honeywell subsidiary, is expected to create up to 100 new engineering and support jobs by the end of 2012. Tres Amigas, which plans to connect three regional power grids at their superstation in Clovis, will create 15-20 jobs in Clovis, 75 – 100 high-paying jobs at a new administrative office/control center in Albuquerque and untold jobs when it completes construction of a 15,000-to-20,000 square foot training center in Rio Rancho. All of these projects are examples of classic economic development: The jobs they create are new and originate outside the local area.

But projects such as these are few, especially in a slowly recovering economy, and that's why New Mexico has also focused on building our economy from within by supporting small and startup businesses. Eleven years ago, the state legislature established the New Mexico Small Business Investment Corporation (NMSBIC) to help businesses obtain capital to expand. With revenues from the Severance Tax Permanent Fund, NMSBIC filters capital through existing alternative loan funds managed by organizations like Accion New Mexico · Arizona · Colorado, The Loan Fund and WESST.

These organizations manage a portion of NMSBIC money in a fully discretionary way; they use their own underwriting standards to decide who will obtain a loan. They must be making good decisions: Since early 2004, the NMSBIC has made more than 2,400 loans through its lending partners in virtually every community in the state. Many loans go to sole proprietors.

The NMSBIC wasn't formed to compete with traditional banks that best understand local markets and clients and remain the preferred source of capital. It exists to help businesses that lack access to traditional banking sources or have come up against their bank's lending limit. These include businesses with creditworthy loan requests that were deemed too small or too risky or not well suited for the bank's lending policies.

NMSBIC meetings, which are open to the public, are held 8-10 times a year in Albuquerque, but once a year the board hosts a forum to introduce NMSBIC financial program lenders to other communities. This year the forum will be held in Hobbs, New Mexico on August 13.

“As a NMSBIC board member of many years, I am pleased to have this opportunity to share information with members of the Lea County business community,” said Hobbs Mayor Sam Cobb. Similar meetings have been held in Alamogordo, Artesia, Carlsbad, Clayton, Clovis, Deming, Española, Farmington and Gallup.

To learn more about the NMSBIC, visit www.nmsbic.org.

Finance New Mexico is a public service initiative to assist individuals and businesses with obtaining skills and funding resources for their business or idea. To learn more, go to www.FinanceNewMexico.org. Sponsored by:

