

Dishing out help

Corporation provides assistance to northeast South Dakota businesses



Ron Erickson, of the Airport Cafe/Travel Center, adds some fries to a plate as he worked the grill Thursday. Erickson's business is one of several that has benefited from the Northeast South Dakota Economic Corporation's help. photo by John Davis

2009-09-10 Sometimes, even an experienced businessman needs a little help when he looks to expand.

That was the case for Ron Erickson when he decided to move his cafe from Aberdeen Regional Airport across the road to the north side of U.S. Highway 12.

For 17 years, Erickson rented space and operated the Airport Cafe and Lounge at the airport. He moved in 2004, adding a convenience store and gas station to the restaurant.

He couldn't have done that at the airport. And it's something he couldn't procure funding for on his own, even though he had been running a business for nearly two decades.

Erickson said another business owner referred him to the Northeast South Dakota Economic Corp., a loan fund for retail and service businesses that want to startup or expand in 22 South Dakota counties.

NESDEC's low-interest loan programs and ability to partner with banks made it easier to get the needed money for the move, Erickson said.

Lori Finnesand, chief economic officer for NESDEC, said the agency typically helps about 75 businesses a year. She said the enterprises range from small, such as a lawn mowing business that needs \$500, to as much as \$250,000 that could be just a portion of what's required by a large manufacturing company.

If the needed loan is for more than \$20,000, NESDEC partners with a financial institution or another development corporation to help finalize financing, Finnesand said.

Without help from NESDEC, Erickson said, he doesn't think he could have been able to borrow the money needed for his own building.

"Restaurants and bars are something that have such a high failure rate that if you're not franchised or (don't) have some outside investors to heavily invest, it really hinders what you can do," he said.

Erickson said NESDEC helped him procure half the money he needed when he moved the cafe and bar. The rest came from private financial institutions. That made it attractive for everybody, he said. "Everybody was on an even keel as far as their obligations."

Most of the lending programs NESDEC oversees involve low-interest loans that encourage economic development. But the agency also provides technical assistance concerning aspects such as business plans, cash-flow projections and start-up procedures.

Finnesand said she hasn't noticed an uptick in business as the result of the shaky economy. For a while, she said business owners seemed hesitant to borrow money or expand, but those concerns have seemingly eased. Business this year has been comparable to past years, she said.

Terry Flamboe of Aberdeen is a member of the NESDEC board of directors. She said board members have a wide variety of business backgrounds, including agriculture, and meet monthly to consider applications.

Generally, Flamboe said, at least one board member knows about the person or business applying for a loan and has a feel for whether it would be wise to help with financing.

Erickson said his time operating a successful business before he applied for help from NESDEC likely helped him. He said other service industry business owners who need help getting financing should at least contact NESDEC and look into a partnership.

"They're willing to take on more of the risk, you might say," Erickson said, "so banks aren't shouldering all the risk."