



## Episode 2 THE SBA Dynamic, with Edward Haddock

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**Edward Haddock:** [00:00:00] Well, I think you bring up a great point, Rushab. Uh, most people think, well, SBA, I can just go to SBA and get a loan. Uh, most people don't know. And I think, uh, this is one of those misnomers about the SBA is generally we're not a direct lender. Businesses aren't coming to the SBA and applying directly for loans. The only time SBA does direct lending is in the event of a natural disaster.

**Rushab Kamdar:** [00:00:27] Welcome to The Business 360 Podcast where we will take a 360 degree view of all things business in under 30 minutes, I'm Rushab Kamdar, been an entrepreneur for 17 years and I'm proud to say on my 17th birthday, I passed my driver's test with a minivan and right after a snow storm.

All right, Business Heroes. Welcome to episode two. On today's show, we're going to talk about the SBA, which has been front and center during the pandemic for so many struggling businesses. We'll also interview the district director of the SBA to get some advice, and we'll end the show with some Q and A.

When the pandemic hit, thousands of businesses took a hit. Here in the United States, these businesses look to the government for financial relief. The agency in charge of dispersing the funds is the SBA. Now, if you're asking yourself, what's the SBA, you're not alone. I'm gonna put my professor hat on here and do a little bit of teaching.



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The SBA stands for the Small Business Administration. It is a federal agency, which means it is part of the government. Now the SBA was designed to help entrepreneurs start and grow their business. And the two most important ways that they help businesses is by one facilitating loans and two providing business counseling and resources.

Now, I'm about to debunk a very common myth. The SBA does not directly provide loans to businesses. The only exception is during a national crisis, such as the current pandemic, where the SBA directly provided some relief to businesses under the EIDL grants and loans program. The EIDL stands for Economic Injury Disaster Loans.

A larger relief was under the Paycheck Protection Program. Also known as the PPP. At this point, your head may be spinning because of all the acronyms being thrown at you. I know you've been introduced to the SBA, the PPP, the EIDL, and you may be thinking this is TMI. But IMO, it's more an FYI. IDK. If you have any questions, LMK.

Okay, okay, let's get back on track. In order to get PPP loans or your traditional SBA loan, you have to work with a participating bank or lender. Wait a minute. If I have to go to a bank to get an SBA loan, why don't I just get a regular loan from my bank? And this is where things get interesting. Normal bank loans usually go to companies that have assets, money in the bank, and an existing profitable business. So if you're a new business and you don't have any assets or you don't



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have money to use as collateral, the bank views you as a high risk customer. The SBA, whose goal is to help entrepreneurs launch and grow, steps in and tells the bank that if you provide a loan to that high risk customer, we will back you up in case that customer defaults on the loan.

That means the SBA will pay up to 90% of the defaulted loan making the banks risk only 10%. Now those percentages could vary depending on the type of loan and the type of business. So let's say you've defaulted on an SBA loan. Well, then the SBA will come after you to make sure that they get paid back. Loan shark style.

They will come after your assets, freeze your bank accounts, garnish wages if you're employed, and they'll take your legs out. No, no, I'm just kidding about that, but they will use every legal approach. So now I'm gonna drop some quick tidbits, rapid fire style. You have to be a US-based business to apply for an SBA loan. To apply and receive an SBA loan, you will have to work with participating banks and lenders. When applying for the SBA loan, there is a mountain of documents required. So make sure you're organized. You will also need to put up a percentage of the loan as a deposit in order to have skin in the game. The SBAs resource center provides consulting, mentorship, and networking for businesses.

Take advantage of it. If you want to know more, check out [sba.gov](http://sba.gov) or speak to your local bank for other lending options. So why are we talking about the SBA? Millions of businesses have suffered during this pandemic? More than 5.2 million



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businesses received PPP loans that total \$525 billion. So now, although businesses, unfortunately closed down during the pandemic, there are still many that are chugging along. And true to the spirit of this country, there are many aspiring entrepreneurs. So how can the SBA help them? Well, today on The Business 360 Podcast, we are welcoming someone who can shed some light on how the SBA can help your business. Regardless if you are a new or existing entrepreneur. My guest is Edward Haddock and he's the district director for the Arkansas SBA.

Now, as the district director, Edward was responsible for the delivery of all SBA programs and services including lending across his entire region. Edward helped businesses in his region secure over \$4.4 billion in COVID-relief funding. Edward, I like to welcome you to The Business 360 Podcast.

**Edward Haddock:** [00:05:28] Thanks for having me on, Rushab.

**Rushab Kamdar:** [00:05:30] Great. So we're gonna get right to it. And as I stated above, there are a lot of aspiring entrepreneurs, many who've lost their jobs due to the pandemic. And, you know, they're taking their future in their own hands. How can the SBA help these entrepreneurs, specifically these new aspiring ones?

**Edward Haddock:** [00:05:47] Yeah, great question. I think, uh, the COVID pandemic has just really changed the business landscape, um, uh, at least the expectations of the business landscape in 20. Um, and I think moving forward,



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you know, even though we have lost, uh, many good businesses, we still have the capital and the underlying foundation of what those businesses were and are, and can be. You know, we've got the human capital, we've got the inputs, we've got the material, and we still have the consumer demand.

So, uh, during COVID I think COVID is a great opportunity to restructure a lot of businesses and we'll provide a lot of opportunity moving forward. Um, one thing SBA did to assist these businesses that were going through these challenging times was funding our resource partners, uh, to an additional level.

So our resource partner network can sit down with our businesses, whether they're at the startup phase, whether they're going through maybe a pivot and figuring out how to iterate their business model to get online and sell during the pandemic.

**Rushab Kamdar:** [00:06:50] For entrepreneurs that are new, you know, is the SBA doing something as far as requirements or something that the entrepreneurs should know before they apply? You know, so that they know that they're qualified, that they can receive some type of loan.

**Edward Haddock:** [00:07:03] Sure. So, you know, one of the really big, uh, caveats for startup funding, uh, and especially for the EIDL, the Paycheck Protection in the COVID, those startup businesses aren't going to be eligible because they had to, uh, be open by January one. Uh, of 2020. So those



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businesses aren't going to be able to access that COVID relief funding. But what new businesses can do is look at the traditional SBA lending programs and look at what opportunities are in those 78504 and micro loan programs that businesses can take advantage of.

You know, one thing I, I suggest all new businesses do is take a trip out to [sba.gov](https://www.sba.gov). And we have a, an online learning module where you can, um, plan, launch, manage, or grow a small business, uh, and we've got training and mechanisms there for each stage of that entrepreneur.

**Rushab Kamdar:** [00:07:56] So when you talking about the SBA specifically, I know the SBA does a lot more than lending, but there's aspiring entrepreneurs or, or even existing entrepreneurs who are looking for some type of boost in their business. It usually comes down to lending. What would be an advantage for them to go with the SBA versus going to their local bank?

**Edward Haddock:** [00:08:13] Well, I think you bring up a great point, Rushab. Uh, most people think, well, SBA, I can just go to SBA and get a loan. Most people don't know. And I think this is one of those misnomers about the SBA is generally we're not a direct lender. Businesses aren't coming to the SBA and applying directly for loans. The only time SBA does direct lending is in the event of a natural disaster. So those startup businesses and businesses that are seeking SBA funding for either growth, operational liquidity or startup capital need to have a relationship with an SBA lender.



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That would be your local community bank, CDFI, even a national bank, Bank of America, Wells Fargo. Those are all SBA lenders as well. So what we do to help increase access to capital around the country is we guarantee loans done through those SBA lending partners. So first and foremost, I think, if you're a new business and we know capital access is usually the number one challenge for our startup businesses, is make sure you're having a dialogue with a local lender in your community and build that relationship because first you're going to need to know, 'Is that lender even an accredited SBA lender?' uh, and if they're not, then you know, that's not an option for you right there.

**Rushab Kamdar:** [00:09:34] And, and, you know, I think that's really good to know because that's what some people have that misunderstanding that, listen, if I want a loan, I'm going to go directly to the SBA. But realistically, you work with a lender, could be your local bank, usually is. And they work, the bank or the lending institution, works directly with the SBA.

**Edward Haddock:** [00:09:53] Even more so, Rushab, I would add an extra step in there. And I don't mean to, you know, to be a bureaucrat and continue to add steps to the startup process. But you know, really what we suggest is, let's say a newer aspiring entrepreneur or a growing business wants to begin their journey to seek capital, um, you know, you've raised money for businesses. I've raised money. It's. It's not a direct path all the time to the front door. Right? So a lot of times, if we start that journey with a finding information, our SBA resource



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partners can help. They're generally the first step in the process where if you meet with an **SBDC**, a women's business center score or a regional innovation cluster partner. A lot of times they can help you put together your package and do a lot of that groundation, that foundation building and the groundwork that you're going to need to be successful in achieving capital.

**Rushab Kamdar:** [00:10:51] How else can the SBA help entrepreneurs that are struggling during the pandemic? And what other programs do they have in place to help these entrepreneurs that are struggling outside of just loans and lending?

**Edward Haddock:** [00:11:03] Yeah. So, you know, uh, really SBA has been on the forefront of the, uh, the economic relief component with the financial liquidity. Adding financial liquidity to the markets that's uh, really, uh, been the main path. Now, uh, through that we did, again, increased funding to our resource partners. It's those resource partners that are really a big value for our businesses. Um, a lot of, uh, our SBDCs around the country, um, can sit down with a business and provide them, um, deep market research, um, to, to do a competitive market analysis or to look at even international trade opportunities, uh, that the business can sit down with. Um, a lot of our SBDC partners and non-profit partners also help provide consulting and counseling and about bringing your business online and helping you access more of the virtual markets. Um, so you can sit down one-on-one with a resource partner and figure out what best way forward for you. Now, as you know, SBA is a federal organization, right? So a lot of our work is



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done at the highest levels and really our funding is pushed down to the state. So it can be matched at the state levels to allow those local partners in your areas to really work with the resources that are available. You can go out to [sba.gov/local](http://sba.gov/local) assistance. You can type in your zip code and you can find some of those funded partners in your neck of the woods. So you can have an introductory meeting and figure out what's happening in your market that they can help you with.

**Rushab Kamdar:** [00:12:41] And all of this is basically free, right? A lot of these resources?

**Edward Haddock:** [00:12:44] It's prepaid, you've paid your taxes, uh, and, and.

**Rushab Kamdar:** [00:12:48] Nothing is free, right?

**Edward Haddock:** [00:12:49] Right. Nothing is free. It's prepaid. Uh, but it is genuinely at no cost or very minimal cost to the individual business that's looking to use these services. You know, SBA doesn't stop there. Right? Because, I think now we're all looking for more revenue opportunities and new customers, right? The SBA can really help you foray into federal government contracting. We're now, our businesses are selling their goods and services back to the federal government. We run several certification programs for businesses to help them have a competitive edge.



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When selling back to the government. So that's a great option. If you've got, let's say an IT consulting business or a construction trade business. If you've got a business that the federal government buys and we are the biggest procurator of goods out there. Over \$400 billion annually of procurement, 23% of that's mandated to be spent through small businesses.

**Rushab Kamdar:** [00:13:45] I think what's important here is that whether you're an existing entrepreneur struggling, whether you're a new entrepreneur that wants to start a business, there's a lot of room out there for you to get the help and there's resources out there. So take advantage of it. So what I want to leave you with is one last question, which is during this very unique time, what would be your advice to these entrepreneurs?

**Edward Haddock:** [00:14:09] It's a great question. I think, uh, you know, if I'm a struggling business right now and, um, uh, I'm looking to stockpile as much cash as possible and try to find and see what's happened in 6 to 12 months. I think if we can get through this next round of, um, Paycheck Protection funding, COVID relief funding, that's going to give a lifeline out to a lot of businesses that are currently out there struggling. I said, if I'm a new business, uh, I'm, I'm, I'm taking a 10,000 foot view in making sure, um, and I'll go back to the AWACS, you know, 30,000 foot above the warfield, I'm looking at the holes and the gaps in the market to figure out where I can best fit in.



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And I'm going to start small to prove my concepts. I'm going to validate it. And I'm going to look to grow organically as quickly as possible, uh, using internal new customer funded, uh, dollars and customer feedback to make sure I'm making smart decisions the entire way through

**Rushab Kamdar:** [00:15:05] Edward, I want to thank you for taking the time, helping that people who are in desperate need of some proper advice. Uh, giving them avenues and, and showing the resources that they can take advantage of. So thank you for your time, and I appreciate you being a guest on The Business 360 Podcast.

**Edward Haddock:** [00:15:23] Thanks, Rushab.

**Rushab Kamdar:** [00:15:25] Now it's time for Q and A. You ask and I'll answer. The first question is from Sandra at Baltimore, "I have a boss that berates all the employees. The environment is pretty toxic. I'm afraid to change jobs due to the uncertainty of the job market. What should I do?" Listen, I can't stress enough how important company culture is to the bottom line.

This means happy employees equal more profits. In your case, I would suggest start the process of looking for new employment if you haven't already, but remember, it's never wise to leave a job without securing another one. Only you can make that decision depending on your financial situation, or if the job environment is taking a toll on your mental and emotional health. A word of



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advice for all of you, new or existing entrepreneurs out there, culture and empathy is the way to success. Treat your employees well.

The second question is from Jackie at Missouri, "I have an online coaching business, but I'm getting drained with a one-on-one clients. Should I look at other options?" I want to be clear to all of you. Whenever I hear this question, it does not mean that the person who was asking it hates their job or is in the wrong field. Everyone gets drained and that's okay. Getting drained on one-on-one coaching is normal. A lot of times clients don't listen. They don't follow the advice. They don't meet any of the deliverables or they miss meetings. My suggestion is to change the process or the offering. Look into group coaching, which may be more beneficial to the other participants because of the different viewpoints. If group coaching isn't of interest, then do high ticket coaching, which improves the commitment and quality of your clients. Finally, look into doing online courses that can help the larger subset of your core audience.

The third question is from Anthony in Philadelphia, "I've never been an organized person and I find myself forgetting important dates, information and meetings. I feel like this will limit my success if I ever pursue starting a business. What should I do?" Well being organized is definitely a key to success regardless if it's starting a business or just moving forward in life. There are a lot of ways to get organized, but the first step is sitting down, taking a deep breath and not getting overwhelmed. When it comes to forgetting dates and meetings, the obvious



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answer is just use the calendar and the reminder app that comes with your smartphone. For other things, I use Microsoft OneNote every day, but you can also look at the things like Trello and Evernote. A new one I just discovered and it looks amazing is Milanote, the keys, the bucket things, and simplify the organization process. Don't overthink it, but you have to start making it a habit.

Thank you for joining us on The Business 360 Podcast. To learn more about our guests, go to [thinkbusiness360.com](http://thinkbusiness360.com). In life, I follow two things that keep me grounded. Number one, if you only listen to someone's successes and not their failures, you've only heard half the story. And number two, compete with yourself and help everyone else. You stay classy, Business Heroes.



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