

Q&A with SBA District Director Greta Johansson

By Cindy Kibbe



If anybody can help New Hampshire's small businesses grow and flourish, it's Greta Johansson. Named the New Hampshire district director for the U.S. Small Business Administration a year ago -- succeeding longtime director Witmer Jones -- the former Connecticut resident and deputy district director of the Connecticut SBA office has served the agency in positions across the country, giving her a wide perspective of the issues small businesses face. And having spent a 14 years working in the SBA's Disaster Loan Program, Johansson has learned what it takes to help business come back from mighty challenges.

Q. *How did you come to work for the SBA?*

A. I have a bachelor's degree in mathematical sciences from Stanford University. I got involved in the SBA in 1982. I was in Connecticut at the time, and someone told me the SBA was hiring for disaster assistance - Connecticut and Rhode Island experienced some pretty serious flooding in June of '82. I went in and was hired almost on the spot. I picked that up thinking it would be a summer job.

From Connecticut, I worked in St. Louis for a while, then moved to the disaster office in Sacramento, Calif. I ended up working in the disaster division for a little more than 14 years.

Then an opportunity presented itself to stay within the SBA but get out of disaster work and get to the other side that deals with small business development and finance. I took a position in Connecticut doing that in 1996. I worked there until last year, when I came here.

Q. *President Obama in January announced plans to reorganize and consolidate several agencies - including the SBA - into one large, new agency. Before this can happen, reorganization powers for the president need to be reinstated by Congress. What is the status of this and the consolidation plans?*

A. There really hasn't been a change in the status. My understanding is the legislation to grant authority to the president to reorganize the government is under consideration by Congress, or will be very soon. There are other things that are overshadowing that in the news right now, so we haven't heard much more. I'm sure we will hear something as soon as anything changes.

Q. *Do you get a sense on how likely or not the granting of reorganization powers will be?*

A. I don't get a sense for that. There's arguments on all sides as to whether this will be something that should be considered before the election. I haven't even heard rumors. So we just don't know.

Q. *If the powers are granted and the reorganization occurs, how do you think the SBA as a whole and here in New Hampshire will be impacted?*

A. I can only say that there has been a lot of work into expanding our ability to have an even bigger and broader impact. We've had lending limits increased, we've had a lot of development of partnerships and collaborations to help reach farther, go faster and do more.

Q. *How do you think the SBA adds value that couldn't be obtained from the private sector?*

A. One area where we have a very significant impact in New Hampshire is in lending. Just about every New Hampshire lender with a commercial lending division participates with us. They increase their volume of small-business lending by using our loan guarantee enhancements to expand their capacity. That is significant. It's not a few lenders -- it's a very, very tiny number that are not participating with us.

There are also more coming on board regularly. The number of participating credit unions is on the rise. There was a time when the community lenders were just under 50 percent of our loan volume in this state, and now they are well over 70 percent. That's a huge shift.

There have been different economic downturns over the years, and there were times when, were it not for the SBA, lending would not have continued - not for your smaller businesses, your under-collateralized businesses, not for your riskier industries. That is a huge value we bring to the table.

Q. *What can the SBA do better?*

A. There is always room for growth and expanding outreach. We have a small loan program called micro-loan. The micro-loan program is a not-to-exceed \$50,000 loan product designed for people with viable business ideas who aren't quite bankable yet. It's a product that comes with a counselor for the life of the loan, so it has a technical assistance piece that comes with it.

We have only one micro-lender, Northern Community Investment Corp., which operates in northern New Hampshire and Vermont.

While they are authorized to work throughout the state, their capacity is limited to the northern three counties.

That's definitely an area where we could improve, and we're actively working on seeking out alternative lenders that could be successful participants in that micro-loan program.

Q. *Throughout the recession, small businesses in New Hampshire contended that loans from banks have been next to impossible to get, yet Granite State banks say they have continued to make loans. Since the SBA works closely with banks to guarantee loans, what's your viewpoint?*

A. The New Hampshire Bankers Association did a study in 2010 on the volume of small-business lending by community banks. No matter what had been going on in the economy in the years leading up to that study, the volume of lending activity continued to increase.

Startups will always be a challenge to fund. Most lenders will not say, "I won't consider a startup," because most of them will if the circumstances are right. It might slow the pace at which someone can reach a goal, but it's not impossible to get a loan.

I think some of it also has to do with "relationship lending." It's not about credit scoring - not that credit scoring doesn't serve a purpose, but there's a relationship component to lending that is also important, particularly with small businesses.

The community lenders will sit down and have that talk with somebody, but there's a limit to how much time lenders can invest in helping someone develop a feasible plan. But we have resources to help with that. If it takes a family of providers working together to make a deal happen, if it's worth doing, they'll work together to make it happen. So there are a lot of strengths like that in New Hampshire.

Q. *What have been the SBA's recent lending levels in New Hampshire?*

A. SBA's lending activity hit its lowest point in 2009 and has been playing out ever since, largely because our fiscal year runs Oct. 1 through Sept. 30. So 2008 seemed to be the worst year overall, as our fiscal 2008 started in 2007, and we were still on the upswing then.

Since that 2010 Bankers Association study - which was our fiscal year 2011, running October 2010 through September 2011 - we've had over a 10 percent increase in the number of loans from the year before and an over 33 percent increase in loaned dollars. We had over \$150 million in guaranteed lending approved. That was just phenomenally huge.

Q. *What are some of the challenges New Hampshire's small businesses are still facing as we recover from the recession?*

A. Businesses are still having a hard time finding an appropriately skilled workforce. There are workforce development programs through the Department of Labor and through the state. There are collaborations sometimes with private companies and community colleges, or other efforts. There are a lot of collaborative efforts under way to identify and to provide the skill sets that are needed.

Q. *Any new SBA programs coming up for New Hampshire businesses?*

A. One of the new things is an SBA-state partnership for trade resources. The Department of Resources and Economic Development was awarded the State Trade Export Program, or STEP, grant. It's a state and federal collaboration to pool resources to provide export education, trade show opportunities -- those kinds of activities. That's been very beneficial to developing the partnership with the ITRC as that organization redevelops. We're hopeful that will be able to continue with the next phase.

There is a huge overlap between exporters and manufacturers. New Hampshire is one of the few states that's continued to grow its export production. It was leading the nation in that regard.

New Hampshire does rank as one of the friendliest states in which to do business. As long as that continues, I think just about all walks of businesses will be comfortable doing business here.