

Steve Clark aims to help small business owners, one loan at a time

By Andrew A. Duffy, Times Colonist February 17, 2012

Steve Clark has made a career, and a very nice living, out of getting cash into people's hands when they need it most. For 30 years, one of the founders of Money Mart and Cashline ABM, has been finding new ways of dispensing cash. Now the 60-year-old Clark has turned his attention to getting money to small businesses.

Clark, who sold Money Mart in 1996 and Cashline in 2010, has established Company Capital, which provides a new mode of funding for small businesses in order to fuel inventory purchases or renovations, or pay bills. "It's hard when you are a small business to get any kind of bank financing," Clark said. He added that with credit tightening following the meltdown of 2008 and the continued economic uncertainty, loans are hard to come by for small business owners. "You look at these young entrepreneurs and see your own struggle from 30 or 40 years ago," Clark said. "I remember getting cash advances on one credit card to pay the minimum balance on another. I wasn't able to go to a bank."

Clark said most startup companies can't produce profitable financials, and even after a few years in business often have trouble showing profits, making them a risky bet for traditional lenders. "For example, in hospitality, where there's alcohol or food, and retail, where there's inventory that's transportable - a lot of banks require a different approach to financing," Clark said, adding that often means a business owner taking out a mortgage on property. "Our concept is different," he said. Instead of looking at profits and the personal credit history of a business owner, Company Capital makes its lending decisions based on sales. Clark equates it to buying a percentage of a company's future business.

"We can look at their sales from Visa, MasterCard and debit terminals, and we can project those sales going forward," he said. "We will purchase a small amount, 10 to 15 per cent, of their daily sales over the next several months at a discount." As sales are made, a percentage is automatically returned to Company Capital. In effect, instead of a large, fixed payment, there are small daily payments. "If it's a slow day, we get very little or nothing," said Clark, adding that on very good days, merchants are able to take a big bite out of their cash advance debt. "They like that."

Ellen Ravvin certainly does. The owner of The Place For Men, a high-end menswear outlet boutique in Calgary, said she has been borrowing from Company Capital for nearly five years and calls it a lifesaver. "As a small business now running into being around for 18 years, it's been hard to get any kind of financial help from banks," Ravvin said, though she added that's likely easier for her now given her longevity. "But, to be honest, I would rather pay the higher interest [with Company Capital]," she said. The repayment method is worth it, Ravvin added. "The daily sweeps are the key for me, and I would think for anybody in this kind of business." Ravvin said she will usually borrow twice a year for seasonal buying, getting \$50,000 to \$60,000 each time, and she often has that paid back in less than a year. "I borrow in my high months so I can pay it off fast," she said. "In great months, you can really whittle away your advance." Ravvin said while the interest is much higher than that on a line of credit, she sees other businesses fall into lazy repayment of that kind of credit instrument - making only minimum payments and being left with a large debt. "This way, after so many months, you're done," she said.

Clark said Company Capital has laid out \$2 million to more than 100 small businesses over the past three years, with the typical cash advance being \$35,000 at 15 per cent interest. The company, which is based in Victoria, also has in-home offices in South Surrey and Edmonton, though Clark said there is great potential for growth. "The demand is there," he said. "Right now we are concentrating on the West. And we are service freaks. We want to be really good at what we're doing and concentrate in the West.