

Program helps rural entrepreneurs achieve their goals

Starting a business isn't easy. Often, obtaining financing is the biggest hurdle.

For Mavis Stokotelny of Dauphin, financing her dream of opening a new hair salon seemed more like a brick wall.

Stokotelny had previously operated a similar business for many years, but even with a firm business plan and a great location, she still had a hard time getting financing.

"I couldn't get a loan through the bank," said Stokotelny.

The Manitoba Agricultural Services Corporation (MASC) is committed to the growth of the province's rural communities, which happens when their local businesses do well. To support this commitment, MASC's Rural Entrepreneur Assistance (REA) program gives business people like Stokotelny the opportunity to access credit with reasonable terms and interest rates.

"This probably wouldn't have happened without the REA program," said Stokotelny, amid a flurry of renovations at Hair at 360°, her new hair salon in downtown Dauphin.

After striking out with her bank, Stokotelny approached the local credit union, where a loans officer introduced her to MASC's REA program.

"Everything just fell into place after that," she said.

REA helps rural entrepreneurs obtain credit by offering a guarantee to lenders on loans given to qualified applicants. REA guarantees are available on loans over \$10,000, and capped at 80 per cent of the first \$200,000 borrowed.

Stokotelny filled out the REA application, which she described as 'pretty straightfor-

ward.' The application, along with the credit union's approval, was forwarded to MASC, and the guarantee was approved within a week of her submission.

She hopes other entrepreneurs who are just starting out won't give up, just because they are initially turned down by a lender.

"If (your lender) says no, search out a provider that has the REA program available."

Loans guaranteed by the REA program can feature options such as longer amortization periods, floating interest rates approved at the commercial prime rate plus 2.5 per cent, fixed interest rates as negotiated between the lender and borrower, and no prepayment penalties.

Stokotelny said there are many advantages to REA, but one stands out for her.

"I was able to use my existing assets to meet the 20 per cent program equity requirement," she said. "Being able to also use these existing assets as a loan's security is a big draw to the REA program," said Kevin Bartinski, MASC's Manager of Loan Guarantees. "In this case, Mavis was able to use all the hairdressing equipment she'd previously acquired as security and also to meet the program's minimum equity requirements."

"It frees up cash that entrepreneurs can really use for their start-up costs," said Stokotelny.

For most applicants, getting a REA guarantee means they must attend a three-day business planning workshop, presented by Entrepreneurship Manitoba. These sessions, cov-

ering topics such as financing, marketing, sales and social media, give entrepreneurs a better understanding of what it takes to succeed. Since Stokotelny already had many years of business experience, she was allowed to forego the workshop and get straight to work.

"We encourage all our applicants to participate in these workshops, regardless of their background or education, because it is important for entrepreneurs to know how to deal with the challenges they will face," said Bartinski. "But our process allows for flexibility, and with Mavis' prior education and business experience, we were confident she had the skills she needed to run this business."

Looking back, Stokotelny is ecstatic about how her dream turned into reality.

"It felt empowering to do it on my own. It meant so much to me to do this, and as a woman, I might have had a harder time to get myself out there, so it was so great to have the support of REA."

Since the grand opening of Hair at 360° in April 2016, the beauty and wellness centre has undergone several upgrades, and now, employs three full-time staff and several part-timers. As she looks to the future, Stokotelny has since landed exclusives for several retail product lines and reinvested into her location and her staff's education.

To learn more about MASC's Rural Entrepreneur Assistance program, talk to your financial representative, contact MASC at rea@masc.mb.ca or visit www.masc.mb.ca.

The credit you need to build your business. Guaranteed.



The Rural Entrepreneur Assistance (REA) program helps with the purchase, start-up or expansion of small businesses in rural Manitoba by providing loan guarantees to financial institutions.

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Mavis Stokotelny –
Hair at 360°
Dauphin MB



Lending and Insurance
Building a strong rural Manitoba

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