

# ST. LOUIS BUSINESS JOURNAL

## PPP PROFILES

### HOW FOUR ST. LOUIS BUSINESSES ARE USING THEIR COVETED FEDERAL LOANS

**T**hree applications per minute.

That's how quickly St. Louis-area small businesses flooded Enterprise Bank & Trust last week with their applications for the Paycheck Protection Program, the federal program offering potentially forgivable loans of up to \$10 million to help businesses retain employees or bring back laid-off staff.

"Literally within the first few minutes of posting our application on our website, we had clients submitting their requests," said Scott Goodman, the bank's president. "The volume of loans being processed is an incredible undertaking."

There was good reason for that sense of urgency. The PPP, which offers companies and nonprofits with fewer than 500 workers a 1%-interest loan to cover 2.5 months of payroll and other expenses, has a limited pool of resources that was expected to dry up quickly.

As of Monday, the Small Business Administration, which administers the program, had approved nearly \$248 billion of the available \$350 billion in PPP funds available. That includes 34,088 loans in Missouri totaling \$6.4 billion and 44,453 loans in Illinois for \$12.5 billion. The first wave of funds is expected to run out by Friday with Congress, as of press time, still debating a

plan for an additional \$250 billion.

The *Business Journal* this week spoke with several of the initial recipients of PPP loans to learn more about the process and what the funds mean for their operations.

Not all PPP recipients fit an expected profile of companies in need of emergency relief. While many have laid off significant numbers of employees and will use the funds to bring them back, many others are companies that have thus far staved off staffing cuts and are hoping the loans will help them keep it that way. Here are some of their stories. —*Erik Siemers*



Karen Lanter

**Executive:** Karen Lanter, executive director

**The business:** The nonprofit is one of the St. Louis area's largest food pantries

**Location:** 171 Kingston Drive in south St. Louis County and 3295 Ottomeyer Road in High Ridge

**Employees:** 17

**Layoffs?** None

**PPP loan details:** \$169,700, which will cover about eight weeks of payroll to help avoid furloughing workers

DILIP VISHWANAT | SLBJ

## FEED MY PEOPLE

Feed My People, one of the St. Louis area's largest food pantries, has watched demand for its services jump while prospects for donations and revenue fell as the coronavirus spread.

The nonprofit, with an annual operating budget of about \$4.5 million, provides at least two weeks' worth of groceries to individuals at twice-monthly visits, as well as job counseling and other social services. Rather than face possible layoffs for any of its 17 workers, the organization moved quickly to apply for a forgivable loan through the federal government's Paycheck Protection Program, said Executive Director Karen Lanter.

**The process:** Lanter applied for a PPP loan as soon as applications opened April 3, through Small Business Administration lender Midwest BankCentre, and was approved about 24 hours later. "Now, I don't know

if that's the case for everyone, but it went extremely smoothly for Feed My People," she said. In fact, Lanter said she received the funding Monday: \$169,700, which she expects to cover eight weeks' payroll costs.

**The business impact:** Lanter said the temporary closure of its two thrift stores during the pandemic, as well as the cancellation or postponement of fundraising events, adds up to about \$200,000 in lost income.

The organization sees an average of 375 families a week at its locations at 171 Kingston Drive in south St. Louis County and 3295 Ottomeyer Road in High Ridge. Feed My People has experienced a 5%-10% increase in drop-ins with emergency food needs, who often become regular clients. "There is no question that with the crisis our country is facing, the need is increasing," she said.

**The next steps:** Without the PPP funding "we would

have been looking at the unemployment benefits, perhaps furloughing some people," Lanter said. The nonprofit's PPP funds will be used exclusively for payroll expenses, which can include health insurance as well as payroll taxes, Lanter said. "We'll document that, and on June 30, we'll share that information with the SBA," she said.

If the PPP loan is used as intended, it won't have to be paid back. "The PPP fits us perfectly for what we needed to do, what we needed to accomplish," Lanter said. "We're very fortunate to have it."

Feed My People continues working to fill its funding gap by encouraging groups to hold food drives; focusing on virtual giving, including a car donation program later this month; and preparing to once again accept donations when it reopens its thrift stores.

—*Diana Barr*

## WALTER KNOLL FLORIST

For five generations, the Walter Knoll family has provided flowers for St. Louis events, happy and sad, festive and somber.

"My parents are still working every day at age 86," Walter Knoll III, president of Walter Knoll Florist, said. "All of my brothers, their wives and kids work here. We've been in St. Louis 137 years. We were florists in Germany."

The business — with headquarters on Florist Row on LaSalle Street, four retail branches and a landscaping division in Arnold — has all but shut down because of the coronavirus. "We closed the stores. We have 140 employees and laid off 115," he said. "Our business is off 75%. We're bleeding money right now. We have reserves, but we're burning through it fast."

In pursuit of relief, the company applied for federal aid through the Small Business Administration's Paycheck Protection Program, with the help of Midwest BankCentre.

**The process:** Knoll said he first applied for a \$10,000 emergency grant from the SBA, separate from the PPP. Then he computed his monthly payroll and applied for a PPP loan that was two-and-a-half times that amount. Citing competitive reasons, Knoll declined to disclose the loan amount for which he applied.

It was a fluid process, and Knoll relied heavily his banker at Midwest BankCentre. "Eric Whitford, a bank vice president, worked evenings, Saturdays and Sundays to get this done — thousands of pages of accompanying documentation," Knoll said.

"There have been changes throughout. We probably had to fill the paperwork out six times."

Knoll received confirmation late last week that the SBA had received what it needed. By Wednesday, the PPP money appeared in his bank account.

**The business impact:** Prior to pursuing the loan, Knoll was paying laid-off employees their annual two weeks of vacation. The PPP loan will provide pay for his employees as they are coming off their vacation pay. Assuming the economy is operating in some form, and he's not in a complete shut down, Knoll said he expects the loan to support his business for about two months.

"Once the loan is funded, we have eight weeks to use the funding," Knoll said. "The loan will be fully forgiven after eight weeks by using 75% or more of the total for employee compensation and 25% or less on rent, utilities and interest on mortgages."

**The next steps:** A lot remains unclear when it comes to deploying the PPP loan. "Do you include taxes, St. Louis city tax, health care? There are no definitive answers," Knoll said.

Before the virus upended his business, Knoll said the only thing limiting his growth was a labor shortage. "When unemployment was so low, I couldn't find employees," he said. "By doing the right thing during the shutdown, we hope we will be viewed as a great employer when we come out of this."

— Greg Edwards



### Owner/executive:

Walter Knoll III, president

**The business:** A fifth-generation florist

**Location:** Headquarters on Florist Row on LaSalle Street in St. Louis; four retail branches and a landscaping division in Arnold

**Employees:** 140

**Layoffs?** 115

**PPP loan details:** Declined to disclose amount, but Knoll said it should support his business for about two months.

Walter Knoll III

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## GREATER GOODS

Chris Chupp, majority owner and CEO of Greater Goods, a kitchen, bath and health care retailer based in The Grove, hasn't had to lay off anyone. His business is down a bit, but not a

lot, due to the coronavirus. Yet he already has a federal loan in hand through the Small Business Administration's Paycheck Protection Program.

**The process:** "We put our application in with Enterprise Bank & Trust on a Friday and we got funding the following Thursday," Chupp said. "Enterprise knows our business well and, as a preferred SBA lender, they have horsepower." Greater Goods devoted three people to the process to complete the application completely and accurately.

There were a few hiccups, but Chupp didn't seem bothered by it: "It's the mobilization of a \$350 billion project over a short time."

**The business impact:** Greater Goods' products are designed and manufactured in China and sold through

Amazon, Target and Bed Bath & Beyond. It has 29 employees in the U.S. and seven in China. It is rehabbing a new headquarters at 4427 Chouteau Ave. and has a warehouse in Hazelwood. Although Greater Goods' sales are down — Bed Bath & Beyond stores are closed, for example — the hit hasn't been devastating. "Our sales are down 30% from our 2020 projections but down very little year over year," Chupp said.

**The next steps:** Chupp declined to disclose the amount of the loan for competitive reasons but said it will fund two-and-a-half months of pay and benefits for his U.S. workers. "We didn't have to lay off anyone, and that money makes it possible for us not to lay off anyone," he said.

The PPP loan will be forgiven so long as Greater Goods maintains current wages and retains its employees, Chupp said. "We're fortunate because most of our business, with the exception of the warehouse, was already being done remotely," Chupp said. "We are relatively unaffected compared with others."

**Owner/executive:** Chris Chupp, majority owner and CEO

**The business:** A kitchen, bath and health care retailer

**Location:** 4427 Chouteau Ave. in The Grove, plus a warehouse in Hazelwood

**Employees:** 36 (29 in U.S., 7 in China)

**Layoffs?** None

**PPP loan details:** Declined to disclose amount, but Chupp said the loan will cover two-and-a-half months of pay and benefits for his staff, while avoiding layoffs.



Chris Chupp

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## PACE PROPERTIES

There's a lot Rick Dames is thankful for these days.

The president and CEO of commercial real estate firm Pace Properties has been able to steer the company through the COVID-19 pandemic with no layoffs of its 56-person staff and no major upheavals to daily life. "We have not had to make the tough decisions that other small businesses had to do. We should all count ourselves very fortunate in this," Dames said.



Rick Dames

Paycheck Protection Program with help from Central Bank.

**The process:** Joe Beauden, Pace Properties' vice president of operations and controller, led the efforts in gathering the necessary payroll information. From start to finish, the entire process took a week, Dames said. The company learned last Friday that its application was accepted.

**The business impact:** The firm is involved in everything from tenant and landlord representation to real estate investments to development. But like others in the industry, it's had to shift priorities in how it services clients.

Pace's property management division has needed a little extra attention given the pressures COVID-19 has put on landlords and tenants. Dames said his employees have pitched in where needed to help the company, such as promoting Pace's restaurant clients online and creating a job board for clients who've lost their jobs.

**The next steps:** Dames declined to share how much Pace Properties' loan is valued but said it would cover payroll for the next two and a half months. "This loan will allow us to retain the staff needed to help clients weather the storm and grow once we come out of this," he said.

— Steph Kukuljan