

[MAKING IT]

HE'S STILL STANDING

Despite loan rejections, this entrepreneur grew his business

William Burton was denied bank credit five times, but that didn't stop him from getting his business off the ground. Professional Systems Inc. is a Chicago-based firm that consults, implements, and customizes hardware and software for clients like the Chicago Public School and LaSalle Bank. The firm, which has seven employees, posted \$425,000 in revenues last year and projects over \$1 million in revenues this year—thanks to a \$320,000 contract with accounting giant Deloitte & Touche L.L.P. to provide updated computer systems for Cook County, Illinois.

But providing IT services was not the nature of the business when Burton and his wife, Denise, plunged \$30,000 of their savings into starting the company in 1995. The Burtons spent \$1,200 on office space and \$22,000 purchasing equipment, computers, and office furniture. The remaining \$6,800 was used to purchase office supplies and for initial administration expenses. Back then, the company's main business centered on providing graphics and printing for its clients.

In the early days, financing would become a huge issue for the fledgling business. Burton first applied for a loan after the company was in business for two years, and he was looking to purchase a small office building with three units—occupying one and renting out the other two. He approached one lending institution, requesting a \$183,000 loan, and was rejected. "They told me that our business plans and goals were not realistic," Burton, 42, recalls. A few months later, he tried again with another bank—same amount, same result. This time, the bank said the company needed more time to be in business to establish more of a track record.

After consulting a third bank, where the company had an account, Burton was told that he had to meet certain requirements before he applied. The bank's application process was lengthy and complicated, and, this time, Burton received a verbal denial. On the fourth and fifth attempts to secure a loan, Burton gave up on purchasing the building and lowered his request: a credit line of \$30,000 to \$50,000 for equipment needed to service contracts the firm had landed. "We were trying to basically set up our credit so that when those [contracts] came through, we were not scrambling ... to find money to get the equipment," he says. "We were asking for a \$30,000 to \$50,000 credit line and we were keeping an average balance of about \$45,000 to 50,000 in their bank, and sometimes \$60,000 or more." Still, the bank wanted the Burtons to sign over their home as collateral.

Frustrated, Burton ended up financing the servicing of the contracts using an ill-advised means: credit cards—at a rate



BURTON'S TENACITY HELPED HIS BUSINESS THRIVE.

of 15%–18%. "We had to juggle with our money and be very time sensitive," says Burton. "If the payments did not come on time, we actually had to... pay out of our own pockets to make sure that we kept our credit lines intact." Consequently, Burton held off on hiring additional employees and opted not to bid on certain, more costly projects. After a drop-off in business in 1999, as more companies brought printing services in-house, Burton decided to transition out of the printing business and focus on IT, which at the time provided 20% of the company's revenues.

With a growing clientele, Burton believes things will only get better. In fact, the firm was awarded a \$98,000 contract by the Chicago Park District to provide and install computer equipment for Soldier Field, which is where the Chicago Bears play. "The IT market is a fast-growing field for us. We are ongoing consultants; we automate companies operations; we show them how to utilize technology, and as technology changes, new opportunities are created. It's almost a never-ending [marketing] opportunity for us," Burton says.

—Nicole Lewis

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