

Securing Business Grants and Funding

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Both public and private sector organizations award grants routinely, almost always for a specific project or purpose. For example, a grant might be awarded to help a business develop a new product, buy equipment, run a training program, or research a specific problem. A typical grant is a one-time payment that provides funding to cover a percentage of the cost of a given project. Unlike loans and venture capital, a grant does not have to be repaid unless the recipient fails to comply with its specific terms and conditions. This article will tell you what kinds of grants are available, where to find and apply for them, and how to make the application.

What You Need to Know

For what kinds of projects are grants available?

Grants are available for many kinds of projects and purposes. Usually, a grant program will offer funding for specific reasons, which can be very explicit and detailed. Whether or not your business qualifies for a grant can depend on many factors, such as the kind of business you run, its size, location, composition of management, age, and how many jobs the project in question can be expected to create.

The types of activities a grant might cover may include consulting, research, design, advertising, marketing, and promotion. Grants are also available for business expansion and relocation, improving property and appearance, and security. Grants can be awarded to help start a business, market testing, and capital equipment. There are grants for advancing information technology (IT) and e-commerce, new technology and innovation, research and development (R&D), and recruitment and training. Grants are also available for cooperatives and community enterprises and for environmental improvements.

What are some sources for grants?

At a local, regional, or state level, grants can be obtained from private sector organizations such as state, city, or regional Chambers of Commerce and private foundations. State economic development agencies and commerce departments usually have grant dollars available, too.

Grants also are available from various federal government departments and agencies, such as the Small Business Administration, Department of Commerce, Department of Housing and Urban Development, and Department of Labor.

On occasion, agencies of foreign governments will award grants in the U.S. In most instances, though, they are awarded to graduate schools or other educational institutions for specific and narrowly defined purposes.

How long does the grant application process take?

The application process for some grants can take several months, especially if your business is one of several responding to a requested proposal. If your project needs funding immediately, it's better to seek alternative sources, such as loans or investments by individuals. Also keep in mind that businesses usually are required to bear some of the costs of a given project; 50 percent of the overall cost is common, and the percentage could be higher. So you'll have to be prepared to contribute funds, too.

Why should I take the time to apply?

It's always worth finding out whether your business could attract grant funding, because you never know what dollars might be available. Even so, it's pretty risky to base a business idea *solely* on the presumption that you'll get grant dollars. Most grant funding is conditional, and your business would need to meet the specific criteria of the grant program.

What to Do

Research the Options

The United States federal government has a streamlined process for grant searches. Consider, first, contacting your local Chamber of Commerce or state economic development office. Most of them will have a directory that lists opportunities and funding sources. Advisers should be able to put you in touch with the appropriate grant-awarding bodies and help you begin the application process.

You will then need to contact the awarding body and determine whether or not your project meets the specified criteria of its program. If you decide to proceed, ask for an application form and more detailed information about the grant.

Many programs require you to supply a project plan or proposal; it will need to include the following:

- Description of the project, detailing how it will benefit your business and the grant organization
- Project compliance with the grant criteria
- Reason the project needs the support of the granting organization

- Project managers, including their experience, knowledge, and skills
- Cost of the project
- Length of the project and key deadlines
- Location of the project
- Amount of money requested
- Means to fund your share of the project's costs
- Description of your business, including financial information

Prepare the Application

Read any guidance notes that are supplied with the application, as this information will help you complete the form. The proposal should follow the format required, be clear and concise, and be tailored to the grant being sought.

It's not uncommon to have to submit two forms: a short initial form to assess your eligibility for the grant, and a second form providing detailed information about your business and the project you intend to undertake. It's best to speak to someone from the organization administering the grant for additional help with completing these forms. You might also seek the assistance of a business adviser to help with your application, since such assistance can save time.

Your business plan can provide much of the detail a grant application may require. Make sure your business plan is current and includes information about your experience, future plans, and financial requirements.

Review the Application

Upon completing the application, review it thoroughly to be sure you have included all the information that's required. Once you've sent your application, don't be surprised if the grant-awarding organization contacts you for more information to help with its assessment. It may also ask you to come for an interview or send representatives to visit your business.

If your grant application is successful, you will be notified by letter—and perhaps by a phone call, too. The letter usually will describe the grant in detail, what is expected of your company, eligible costs, start date, applicable reporting procedures and time frame. You must accept the grant under the conditions that apply and within a given period of time. Read the letter carefully; in accepting the grant, you're signing a legally binding agreement.

Expect to wait anywhere from a few weeks to a year before getting a decision on your application; not surprisingly, national grants take longer. Bearing this in mind, make sure you have some alternative funding sources to pursue, especially if you need financial support quickly.

What to Avoid

You Don't Give All the Details

An incomplete application is apt to cause delays that extend processing, prompt questions, and arouse suspicions, and is more likely to be rejected. Do check with the grant organization if there are any parts of the application form or process that you are unsure of.

You Aren't Honest

If you are deliberately circumspect or provide incorrect information, the grant may be reclaimed in its entirety. In other words, you'll have to pay it all back. You must be honest!

You Rely on Grants for Revenue

Used judiciously, grants can be valuable and beneficial funding sources. They can also be a useful marketing tool, since they tend to boost a business's reputation and prestige. Apart from certain research or consulting firms, businesses that continually rely on grants as primary revenue streams may not be in business for too long. Make grants the exception, not the rule.

Where to Learn More

Book:

Karsh, Ellen and Arlen Sue Fox. *The Only Grant-Writing Book You'll Ever Need: Top Grant Writers and Grant Givers Share Their Secrets*. New York: Carroll & Graf, 2006.

Web Site:

USA.gov: www.usa.gov/Citizen/Topics/Benefits.shtml

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