

THE TRUTH ABOUT GRANTS
By Melissa Angel, Regional Director
Michigan Small Business & Technology Development Center at Kalamazoo College
Article for Business Direct Weekly

It seems like every time a commercial is aired on television or a group comes to town to do a workshop on grants, our office gets flooded with telephone calls. I do not mind answering questions, but when so much misinformation is being given about the subject, it can be frustrating.

There are legitimate organizations doing some of this work, but many are making a buck off of those who do not understand. “Buy my book for \$30” or “We will find a grant for you for \$300.” The reality is that it is almost impossible to produce an accurate book about grants because by the time it is written the information is out of date.

Now let’s be honest. As a taxpayer, would you really want to foot the bill for someone to start a for-profit business? How would we justify this?

I won’t tell you grants are not available, but they are specific, difficult to get, difficult to keep and often have specific requirements for outcomes, bookkeeping, and reporting.

When I am discussing grants with a client, I like to divide grants into research grants, foundation and not-for-profit grants and community incentives.

If you are a scientist, a Ph.D. level typically, there are Small Business Innovation Research, or SBIR, and Small Business Technology Transfer Research, or STTR, grants available for small businesses. They are specific and highly competitive but can range from \$100,000 to \$750,000.

A great Web site for information is at www.win-sbir.com. The SBTDC won’t write the grant for you, but we will help you through the process.

Foundations often give grants for humanitarian purposes or causes in which they are interested. Most of the time they require you to be a not-for-profit organization, and often the funding is for a specific project for maybe a year or two. They expect you to be self-sufficient after that. Which gets back to a basic question—are you in business to make money? If so, this can be a difficult pursuit.

Some downtown areas have building grants or loans to help fund design, façade improvement or rehabilitation. Downtown Kalamazoo has given away over \$800,000. Renaissance Zones or brownfield redevelopments also may provide incentives, and the state from time to time will also have training grants. See its Web site at <http://medc.michigan.org/miinfo/databook/incentives>.

Keep connected to your industry associations and organizations that promote business. Often there are business plan contests, incubators that might provide professional assistance or other groups that may offer microloans.

The company that produces Business Plan Pro software has a business plan competition, and information can be found at www.paloalto.com/competition. The New York Institute for Entrepreneurship also has a grant for entrepreneurs. Go to www.nyie.org.

Most of this information is on the Internet. Please don’t buy a book, a tape, a seminar or any other nonsense. Also, lower your expectations. When I refer clients to the different Web sites, they quickly discover that finding a grant that is applicable to their business is very rare.

My husband and I just bought a business in December. If there were a grant for small businesses, don’t you think I would have found one? The only call I made was to our local development office to see if they had a façade grant. There wasn’t.

We started the business the old-fashioned way—we saved money and then leveraged that with a bank loan that we personally guaranteed because we believed in our idea.