

<http://www.valdosta.edu/sbdc/grants.shtml>

The Myth about grants for small business

By Nancy Staton

Can an individual find a grant to help start a business? At the SBDC we get this question many times a week. The answer is maybe. Many individuals and businesses set up foundations to provide grants for specific purposes. Many foundations offer grants to individuals for educational purposes such as scholarships, fellowships, and special studies or research.

Many foundations offer grants to non-profit organizations such as Action, Inc., the Boys and Girls Clubs, Project S.A.F.E., etc. Many foundations offer grants to educational institutions for special studies and research. Not many offer grants to individuals to start a for-profit business. Generally, taxation laws prohibit foundations from granting money to for-profit businesses.

When an individual finds a grant that assists his or her business, it is usually for a very specific purpose. The money cannot be used for general business operating purposes. Businesses working with special needs children might be able to find a grant to help cover some of the costs of buying special equipment for use with these children. Some family day care businesses receive grants from Save The Children.

If you wish to look for a foundation grant for any purpose, there are two good websites: www.foundations.org and www.fdncenter.org. Both of these sites list directories of foundations and how to apply for a grant. A grant proposal is usually necessary, and most have deadline dates. Since most foundations now have their own websites, one can find the specific information about how to submit a proposal on their Internet sites. Each foundation is different and may have different requirements.

Anyone who does not have a computer for searching the Internet can go to the local library. Every regional library in Georgia has at least one computer dedicated to helping with Internet searches and one librarian who can help. A search using the word “grant” or the word “foundation” produces a great deal of information.

But does the government offer grants to businesses?

Again, any grant from a government entity will be for specific purposes. That usually involves research. The federal government as a whole does not offer grants. Various agencies offer grants for business activities that fit with their missions. The website to investigate is www.sba.gov/SBIR. This Internet website offers much information about various agencies that give grants and grants that have been awarded in the past. The SBIR, Small Business Innovation Research, grants are very specific for the specific agency. For example, the Department of Defense awards grants to high-tech companies that will do specific research benefiting the mission of that agency. A grant proposal is necessary. This site gives information about how to begin the application and proposal process. Each agency may have its own proposal process.

A grant sounds like “free money.” However, in most cases, the individual searching for a grant has to put an enormous amount of work into finding a suitable match and writing a proposal for the grant. A grant proposal can be very similar to a business plan. If a grant is awarded, then performing the work required and reporting on the use of the funds for the grant award require hard work. Unless there is a very good reason for a business to seek a grant, the business owner who has that much time and energy could better put that effort into working on making his or her business better. Except for the SBIR program, our office usually does not assist owners with finding grants. We assist owners with helping to make a business better.