

Perks but No Grants

At the Southeast ISBDC, we receive calls daily for grants. There is a misconception that women and minority owned businesses are eligible for government funds to start or for operating revenue. I'm not sure whether the blame should be placed on the crazy man in the purple suit with lime green dollar signs convincing everyone that money is available or whether it is a product of wishful thinking.

Unfortunately, there are no grants... on a rare basis, I will have a client that qualifies, but after working with over 400 clients each year since 2002, I have only seen about 10 qualify for a grant.

On the flipside, women and minority owned businesses are eligible for some programs that other businesses are not eligible.

- 1) **Government Contracting:** To describe it briefly, the US Government want to purchase goods and services from companies that have been historically underutilized – women-owned, minority-owned, veteran-owned and businesses in certain districts that have low income. The idea behind the program is to spread the wealth around instead of just buying from large conglomerates.

If you are selling something the government needs, you can take advantage of these programs where designated firms get a special point system advantage to some competitors. It is the government though so there is usually a large amount of paperwork, the contracts can be hard to find and payment terms are rarely 30 days.

This can be a double edged sword as getting a large contract from the Department of Anything that is six times your normal sales volume can be the fastest way to kill your business, but if you are prepared it can be a very steady and secure income stream. The key is certification and preparation.

- 2) **Procurement:** Procurement is much the same as government contracting, but instead of selling directly to the government, you are selling to the large conglomerates that sell to the government. For example, there isn't a small, minority-owned firm that can manufacture Air Force One, therefore, the government has said that they will give the contract to a large airplane manufacturer, but that a certain percentage of the suppliers must be from the above historically underutilized businesses. The same principles apply as above, but the ultimate sale is different and the payment terms are usually a better.
- 3) **Loans:** Everyone has heard of the capital crunch and how small businesses are not getting funding. In answer to this, the US Small Business Administration has put together some programs for women and minority owned businesses.

Now, don't go out and change your ownership stake to show your wife or mother owes 70% of your business. The best thing to do is discuss your options first as you may not qualify for another reason and then the paperwork was wasted. Some programs to consider are the 504 program for buildings and equipment and the 7(a) program. For Veterans, there is a Patriot Express loan program available.

Not all businesses can use these options to expand, but some are eligible. I have had clients land government contracting in unusual fields like catering, port-a-potties, advertising and sealants or coatings.

If any of these instances would help your business, please contact our office to help you through the entire process of determining eligibility, getting certified and taking advantage of the info above – the SBA and local sponsors pay for us to provide you this service if you have under 500 employees so it is absolutely free to you.