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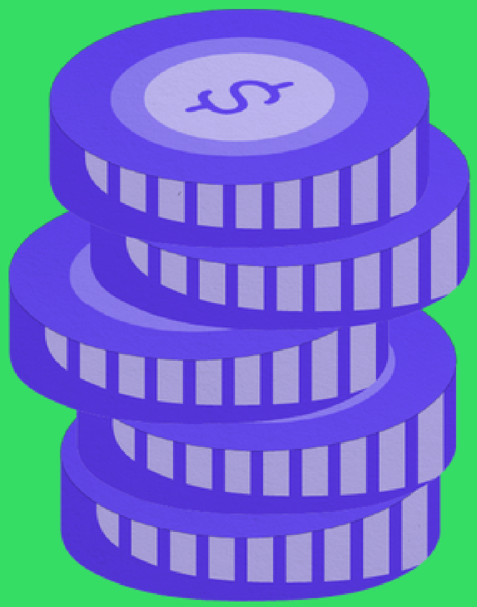
D-SRC Funder's Toolkit

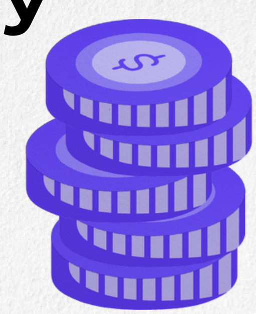


Part II: The Founders Guide to Securing Grants for your Small Business

Grantmaker:

noun

a government, local authority, public fund, or organization that awards discretionary sums of money to finance a public need or fulfill a community-based goal as a form of organized philanthropy



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The Funder's Toolkit Part II: Grantmaking

The DSOURCE Funders Toolkit was built to support Founders and small businesses who are seeking funding to upstart or expand their operations. Adequate access to funding is not always a reality for small businesses but with the right preparation, you can significantly improve your outcomes with grant makers and lending institutions.

This guidebook is divided into two parts, representing the two types of small business funders we teach about (1) Grantmakers and (2) Lenders. In both the startup and growth stage of running a small business, Founders are most likely to encounter one of these Funders before major investors, venture capitalists, and other funding groups. Part I of this guide is designed to support applications with Private Grantmakers and Locally Based Grantmakers.

This guidebook does not guarantee approval for a small business grant, but it will support you with understanding your grant application from your Grantmakers point of view - providing insight into the areas of your business that Grantmakers assess most critically. Use the insight provided in this guide to stay prepared to apply for grant funding all year long.

I: Grantmakers and Their Priorities

Small-business grants are made available to support companies in specific industries and/or communities. These programs are generally intended to meet a specific goal identified by the Grantmaker. Many small-business Grantmakers open their applications on a rolling basis and small-business Founders may find the applications are relatively simple. But the ease of submitting a grant is no indication of funding accessibility. Private Grantmakers in particular, rarely provide an opportunity for applicants to connect with a human behind the scenes. Limited resources combined with highly-competitive processes and limited direct connection to these organizations makes grant dollars by far the most difficult for Founders to obtain.

Grantmakers conduct thorough reviews to find and fund the most well-run and compelling companies (within their priority communities and service scope) that stand out from the crowd and even exceed their expectations. The more aligned, organized, seasoned, relevant, and present your business is in the market, the greater your chance of success with a Grantmaker. On the contrary, if your company or proposed project falls outside of a Grantmakers location requirements, service scope or capacity, by even one metric, it could be grounds for the dismissal of your entire application. While every Grantmaker is different, many prefer to fund companies with the following:

- Legally secure operations
- A strong Founder
- A business plan
- A unique value
- Current sales
- Demonstrated market demand
- Digital media presence
- Marketing potential
- Scalable growth potential
- A well-aligned target market
- Investment or funding history
- A strong retail plan

II: Locating Private and National Grantmakers

Grants from Private Companies

A web search is the easiest way to locate Grantmakers. To execute a quality business grant search:

1. **Get specific - The more specific you get with your web search, the better the search results.**

   Examples of a specific web search include: (Click the links below to view web search results)

   - Micro-Grant for Women-Owned Small Businesses in Texas
   - $10,000 grants for Minority-Owned Food and Beverage Businesses in New York

2. **Dive deep**
   a. **Make a point to scroll past the Ads at the top of your web search and dive deep, perusing at least five web pages of results, for any search you perform.**

Examples of Private Grantmakers include: (Click the links below to view web search results)

- Comcast Rise - Marketing Services, Tech Makeovers, and $10,000 investment Fund
  - **If this link is broken, copy and paste the following link into your search bar**
    - **https://www.comcastrise.com/investment-fund/**
- Hello Alice - $5,ooo Grants for Your Small Business
  - **If this link is broken, copy and paste the following link into your search bar**
    - **https://helloalice.com**
- Verizon Small Business Digital Ready - $10,000 Grants
  - **If this link is broken, copy and paste the following link into your search bar**
    - **https://www.verizon.com/about/responsibility/digital-inclusion/small-business-training**
- Amber Grants for Women
  - **If this link is broken, copy and paste the following link into your search bar**
    - **https://ambergrantsforwomen.com/get-an-amber-grant/**
- FedEx Small Business Contest
  - **If this link is broken, copy and paste the following kink into your search bar**
    - **https://www.fedex.com/en-us/small-business/grant-contest/faq.html**
- Nav's Quarterly "Legitify Your Small Business" Grant
  - **If this link is broken, copy and paste the following kink into your search bar**
    - **https://www.nav.com/business-grant-contest/**
- National Association for the Self-Employed (NASE) Growth Grants
  - **If this link is broken, copy and paste the following kink into your search bar**
    - **https://www.nase.org/become-a-member/member-benefits/business-resources/growth-grants**
- The National Urban League (NUL) - Black Restaurant Accelerator
  - **If this link is broken, copy and paste the following kink into your search bar**
    - **https://nul.org/program/black-restaurant-accelerator**
- ATT Black Future Maker
  - **If this link is broken, copy and paste the following kink into your search bar**
    - **https://www.attdreaminblack.com/contest**

III: Locating Public and Locally Based Grantmakers

Grants from Public Organizations and Locally-Based Program

Depending on where you live, finding Grantmakers can be as simple as researching opportunities available through governmental departments. Contact these and other similar agencies in your municipality to ask about local resources currently available for small businesses. Every locality has different resources. If there are small business grants available, your local economic development departments would know and may be actively distributing this information. Examples of local agencies that may have more information on resources and grants in your area include:

- City Administration or Mayors Office
- City Legislators or City Council Offices
- City Planning and Development Department
- City and County Grants Management Offices
- Local Chamber of Commerce
- City, County, and State Economic Development Agencies
- SBA's Small Business Development Centers
- Community-Based Non-Profit Organizations

Examples of locally based grant programs include: (Click the links below to view web search results)

- Detroit, MI - The Detroit Economic Development Corporation's Motor City Match Program
    - If this link is broken, copy and paste the following kink into your search bar
        - https://www.motorcitymatch.com/
- Atlanta, GA - Wells Fargo Open for Business Fund - Commercial Property Improvement Grant
    - If this link is broken, copy and paste the following kink into your search bar
        - https://www.investatlanta.com/businesses/small-businesses/commercial-property-improvement-grant
- Miami/Dade County, FL - Mom and Pop Small Business Grant
    - If this link is broken, copy and paste the following kink into your search bar
        - https://www8.miamidade.gov/global/service.page?Mduid_service=ser1471548035447835&Mduid_location=org1
- New York,, NY - New York StartUP! Business Plan Competition
    - If this link is broken, copy and paste the following kink into your search bar
        - https://www.nypl.org/help/services/startup
- Houston, TX - Amegy Bank Small Business Boost program
    - If this link is broken, copy and paste the following kink into your search bar
        - https://www.amegybank.com/landing-pages/small-business-boost/
- State of California - California Dream Fund
    - If this link is broken, copy and paste the following kink into your search bar
        - https://calosba.ca.gov/funding-grants-incentives/california-dream-fund-program/
- Nashville, TN - Nashville Small Business Recovery Fund
    - If this link is broken, copy and paste the following link into your search bar
        - https://www.pathwaylending.org/nashville/
- State of New Jersey - The New Jersey Economic Development Authority NJEDA
    - If this link is broken, copy and paste the following link into your search bar
        - https://www.njeda.com/small-business-improvement-grant/

IV: Conduct a Grantmaker Assessment

Grantmaker Research

The next step in applying for a grant is Grantmaker research. With Grantmakers, understanding who they want to fund and why is key. Prior to preparing an application, invest the time you spend on grant applications wisely by visiting each individual Grantmakers' website and completing an individual assessment of each individual grant opportunity to ensure there is alignment. Alignment with your Grantmaker and their program is critical to ensure you maximize your time applying for grants with organizations that might actually fund your business.

Assessing your Grantmaker involves researching the organization and the specific funding opportunity to ensure that both are a good fit for your business. While Grantmakers may not consider credit, background, or hefty financial requirements with an application, small-businesses might still find these dollars difficult to qualify for. One reason for this is because these Funders are usually run by a board of directors who determine the goals and intent of the organization and its programs. Grantmakers tend to be bound to these strict requirements in addition to other laws and regulations - all of which ultimately determine who and what they can fund. If your company or proposed project falls outside of a Grantmakers requirements, service scope or capacity, by even one metric, it could be grounds for the dismissal of your entire application. Increasing your chances of success with Grantmakers starts with conducting the necessary research to ensure there is alignment between what your Grantmaker wants to fund and what your company does.

<u>Elements to consider in a Grantmakers assessment include:</u>

- The Grantmaker's mission/vision
- The Grantmaker's geographical service area
- The Grantmaker's interest in supporting or ability to fund companies in your industry
- Minimum or maximum revenue requirements
- Minimum or maximum employee requirements
- Minimum previous investment requirements
- Alignment of your funding needs with the Grantmaker's funding capacity
- The Grantmaker's flexibility with how you spend grant dollars

Use the "Small-Business Grantmaker Assessment" Template on the next page to evaluate Grantmakers before applying for your company's next grant. You can also download the Small-Business Grantmaker Assessment Template separately in your DSOURCE account!

Grantmaker Assessment Template: SAMPLE

Use this template to assess alignment between your company and potential Grantmakers before applying.

GRANTMAKER NAME:

____

PROGRAM NAME:

____

INQUIRY If the Grantmaker and their program are a good match for your company, all of the below inquiries should be affirmed.	✓
My company is based in the Grantmakers' geographical service area	
My company's Founders meet the Grantmakers' demographic requirements such as residency, race/ethnicity, sex and/or sexual identity, student enrollment, etc.	
My company operates in an industry of the Grantmakers' interest	
My company's products and services aligns with the Grantmakers' funding interest	
My company meets the Grantmakers' physical operations requirements (i.e. commercial location or brick-and-mortar storefront,)	
My company meets the Grantmakers' tenure requirements. (Years in business)	
The amount of funding my company will request is ⩽ the amount of funding per awardee	
The company meets the minimum and/or maximum employee requirements identified by the Grantmaker	
My company meets the minimum and/or maximum revenue requirements identified by the Grantmaker	
My company meets the minimum and/or maximum fundraising and finance requirements identified by the Grantmaker (i.e. "at least $50,000 raised"or "at least $100,000 in previous financing secured")	
My company's Founders have no conflict of interest with companies or institutions affiliated with the Grantmaker	

<u>You can also download a fillable version of this template separately in your DSOURCE Account!</u>

V: Preparing a Grant Application

The DSOURCE Grantmaker's Checklist

Once you have confirmed that a potential grant opportunity is a good fit for your company, you can begin preparing your application. Start by downloading the DSOURCE Grantmakers' Checklist - a specialized checklist built to help small-businesses maintain the most critical organizational elements to compete for grant funding. The purpose of the DSOURCE Grantmakers' Checklist is not only to illuminate Grantmakers' most sought after application elements, but to also help Founders understand how to demonstrate readiness and integrity in their quest for grants. If you have all the items noted in the Grantmakers Checklist organized, prepared, and on-hand, you can improve your company's organization and submit more high-quality applications.

Checklist Category	Description
Legal Documentation	The business should be able to withstand legal and organizational scrutiny. The company shall be properly organized and incorporated in the state of operation. The Founders and members of Management Teams shall possess all licenses, certifications, and permits required to operate professionally in the industry.
Business Plan	The business plan should include adequate background information about the company in addition to anything else required by the Grantmaker.
Active Marketing	Web and social media information should communicate an established digital presence and consistent customer engagement.
Business Financials and Proof of Operations	Balance sheets and bona fide financial statements should demonstrate products and services being presently sold and earning the company a profit. Grantmakers may also want to know about previously secured grant or loan funds as they tend to support companies where other Funders already have skin in the game.
Financial Projections	A product or service model with a strong potential for expansion evidenced by detailed monthly and annual Financial Projections
Commercial Property Information	A retail operations plan that includes an executed commercial lease, and integral plans for construction working with certified professional contractors.
Proposals for Professional Services	A professional services plan that includes integral plans for organizational development working with certified professional service providers and consultants.
Personal and Professional Information	Documentation demonstrating Founders and management team professionals who are seasoned and have a bonafide reputation in the industry.
Branding	A branding plan or existing market presence demonstrating that the company's product or service model can be marketed easily and widely, especially without political or regulatory interference.

Preview the Grantmakers' Checklist on the next page. Use this checklist to start gathering your documents. Create a readily accessible digital folder that contains everything listed in the template on the next page and stay prepared to apply for various grant opportunities year-round.

The Grantmaker's Checklist

Use this checklist to compile all the necessary business records, documentation, and items necessary to stay prepared to apply for grants year round

Category	Items	How? Or Where to Access?
Legal Documentation	Business License and Incorporation Documents	State Licensing
	IRS EIN Letter/Number	IRS
	Required Industry Certifications and Trainings	Govt or Industry Institution
	Required Operational Permits	Local Govt or Industry Institution
	State Issued Certificate of Good Standing	Govt or Industry Institution
Business Plan	All Elements Specified by the Grantmaker	Grantmakers' Website
	Executive Summary	DSRC One-Page Business Plan, One-Page Operations Plan and DSRC Pricing Template
	Ownership and Management Description	
	Current and Future Operations Strategy	
	Sales, Profits, and Projections Description	
	Market Analysis	
	Marketing Plan	
	Appendix w/ Verifiable Supplemental Documentation	
Active Marketing	Social Media Links	Founder/Business Records
	Website(s) and Landing Page(s)	
Business Financials and Proof of Operations	Active Business Bank Account	DSRC Comprehensive Business Activity Workbook
	3-Years of Monthly Balance Sheets	
	3-Years of Profit and Loss Statements	
	3-Years of Federal and State Tax Returns	Founder/Business Records
Financial Projections	Sources and Uses Budget/Startup Costs Budget	DSRC Comprehensive Financial Projections Template
	Revenue Assumptions	
	Expense Assumptions	
	1-Year Monthly Financial Projections	
	5-Year Annual Financial Projections	
Commercial Property Information for Existing and Aspiring Brick and Mortar Businesses	Purchase Agreement, Lease, or Letter of Intent	DSRC Retail Readiness Guide: Part I: Retail Leasing and Part II: Commercial Construction
	Commercial Property, Location, and/or Site Photos	
	Professional Quotes for Construction/Engineering	
Proposals for Professional Services (for applications with related costs)	Scope(s) of Work for Professional Services	DSRC Professional Services Guide
	Proposals and Quotes for Business Services	
Personal and Professional Information	Founders, Owners, and Management Team Resumes	Founder/Business Records
	Management Team Certifications and Licenses	
Branding	Product Photos	
	Logos and/or Branding Plans	

You can also download this template in your DSOURCE Account!

VI: The Application Review Process with Grantmakers

Grantmaking Expectations Summary

Ideal Applicant	Approximate Review Period	Communication and Follow Up	Award Amounts
An operational small business with an established market presence in the Grantmakers targeted community or industry, a unique value, and strong Founder story that can be marketed widely.	4-12 weeks	Minimal, if any, until a decision has been made	~$100,000 or less

Grantmaking Review Process

Grantmakers generally do not communicate with applicants during the post-submission and review period. But their lack of engagement is no indication of a lack of movement behind the scenes.

Questions that Grantmakers may consider during the early review stages include:

- Can the company withstand legal and organizational scrutiny?
- Did the company submit a complete application that meets all the requirements?
- Is the company located in the Grantmakers' geographical service area?
- Are the company's products and services in alignment with the Grantmakers' interests?
- Is the company's business plan and appendix organized and complete with sufficient details?
- Can the company's products and services be located and/or purchased easily?
- Is the company consistently operating?
- Does the company regularly promote products and services?
- Does the company understand who its customers are?
- Does the company present unique value in the market?
- Is the company adequately tracking its financial activity?
- Does the company's financial activity reflect sustainable budgeting and consistent profits?
- Is the company's business model a scalable one?
- Has the company developed integral plans for retail construction and/or professional services?
- Do Founders' and management teams' professional backgrounds demonstrate industry expertise?
- Does the company's brand demonstrate alignment with Grantmaker principles?

The more confident you feel about your answers to the above questions and other related inquiries, the more confident your Grantmaker may feel about moving your application on to the next stage. From the pool applications chosen to advance, Grantmakers will review information more in depth, often alongside team members at their organization, and together, decide which companies to fund.

VII: Keys to Success with Grantmakers

When possible, contact your Grantmakers before applying.

Small-business Grantmakers rarely connect one-on-one with applicants prior to the application deadline or during the review period. So, if the Grantmaker offers informational sessions, be sure to attend prepared to ask questions. If informational sessions are not available, peruse their website for a staff directory. It my be in your best interest to send an introductory email to a Program Officer. Through this introduction, you can directly ask (or request a meeting to get answers to) critical questions such as:

- What qualities are you looking for in a grantee? What do successful applicants have in common?
- Are new businesses eligible for funding or do you prefer seasoned companies?
- What kind of impact is the Grantmaker looking to have with this funding program?
- Do you offer grantees with resources beyond financial support?
- Does my company need a signed commercial lease and professional service quotes to be eligible?
- How important is the applicant's website and social media?
- What are common reasons for denied applications? How do eligible applicants often fall short?

Always submit a complete application that meets all the Grantmakers minimum requirements.

Grantmakers often review hundreds of applications in just a few short weeks. For more efficient review, Grantmakers take applications through "process of elimination" - removing those where the company does not align with the requirements or the intended funding strategy - early in the review process. Grantmakers will rarely revisit incomplete or misaligned applications. The early, internal process of elimination also ensures prioritization of applicants who have done proper due diligence. If you are applying with a Grantmaker who provides grants on a rolling bases, the quality and completeness of your submissions can also build your company's reputation with internal review staff.

Develop your company and Founder Story

As philanthropic funders, Grantmakers want to fund Grantees who will make the most significant impact possible with their dollars. Once Grantmakers have established the pool of applicants who fall within their mission, scope, and capacity, they will want to know your unique story. As the cherry on top of a strong application, your story should illustrate your leadership and the importance of wat you sell to you and your community. Your company and Founder story might answer questions such as:

- Who are you as a Founder? What is your "WHY" for starting the company?
- What is the mission and vision of your company?
- What or who inspired you to start this business or create this product?
- What makes your company special?
- What does your company mean to your community?
- In what ways does your company present a game changer in your industry?

VII: Keys to Success with Grantmakers ctd.

Ensure your business plan narratives and responses are interesting and exciting.

Use business plan narratives and your responses to Grantmaker inquiries to paint vivid pictures about your offerings. If you sell food, submit an application that gets your Funders' mouth watering. If you sell a service, identify your impact with numbers and metrics that make reviewers say "Wow!". The more enthusiastic Grantmakers become about your business during the application review stage, the more excited they know their audience(s) will be about you too. And for many Grantmakers, your marketability with their audience is key.

Always save your grant application responses

This is the simplest yet most overlooked step among entrepreneurs seeking grants. The narratives that you develop for Grantmakers may be some of the greatest personal stories you ever write about yourself and your journey to growing your company. And there's a ton of potential in what you can do with these stories when you save them. In addition to using saved responses on future grant applications, you can (and should) be expanding your use of these narratives to support your company's growth. What begins as a narrative for a grant application can easily become content for your business plans, email marketing, social media posts, Keynote speeches, books, and so much more.

Each time that you complete a new grant application, you improve the way you tell your company's story. That's because the questions from every Grantmaker differ just as much as the Grantmakers themselves. By simply answering their questions, you will find yourself pulling out ever more inspiring stories about your growth and the growth of your company. And all that hard work you spend writing your story is worth it's weight in gold - so long as you save it.

Your future self will thank you for being proactive when the time comes to tell these stories again, because as long as you run this company, you will. So, whether it's a Google drive, flash drive, or a random folder in your email inbox, make sure that you are saving and recycling all the good stuff that makes you and your company so special. Because there are many more people out there who can't wait to hear about your journey.

Apply to WIN!

Success as an applicant with Grantmakers requires standing out from the crowd across multiple meticulously rated metrics that center around the integrity of the Founder(s) and the company. Your application does not need to be perfect, but it should illustrate a company with a proven profit model, professionalism, experience, a unique value or community significance, and a market presence. The difference between being approved or denied for a grant may come down to just one metric or small difference between another company and yours. <u>Submit an application that gives the Grantmaker every reason to choose your company every time.</u>

VIII: Potential Outcomes with Grantmakers

Approval

Woo-hoo! You did it! You have successfully secured a grant to grow your business. And what a wonderful feeling it must be. Now that your application is approved, your Program Officer will move you forward through the funding process. This requires signing general paperwork and submitting payment information. Depending on the Grantmaker, you may have grantee requirements to fulfill. All done with paperwork? Great. Now it is time to hit the ground running. You've got a company to grow!

Denial

Unfortunately you were not approved this time around. But, a denial today is never denial forever. Denial can give you a moment to step back and reassess and consider how you can improve future submissions. If you take the time to improve, Grantmakers will be even more happy to see you return when you return.

If you can inquire with the Grantmaker about why your application was denied, you should take full advantage of this opportunity. Ask in-depth questions about what prevented your approval and inquire about resources that can help you to make progress on any areas where you need additional support. Unfortunately, many private Grantmakers provide little opportunity to share feedback with applicants who are denied. If you are unable to contact your Grantmaker for feedback after a denial consider some the following elements to improve your chances the next time around:

- Review the Grantmakers' mission and vision to reassess alignment with your business
- Review the Grantmakers' guidelines to ensure you met all the requirements
- Consult with a Business Coach to strengthen your business plan and loan package
- Consult with a digital marketing company to strengthen your website, and social media presence
- Consult with an Accountant to strengthen your personal and business finances

Sometimes, even when an application is fully in alignment with the Grantmaker, without errors, and scored high during the review process, it can still be denied by a Grantmaker. That is because these decisions often come down to a tough choice between multiple highly qualified companies who exceed the Funders' expectations. In this case, the Funder may choose the winning company based on factors that are beyond your control as an applicant. For this reason, success with Grantmakers can take just as much luck as it does preparation. So, if you feel that your company has perfected its grant applications, it is a good strategy to reapply as many times as you can until you win!

IX: Managing a Small-Business Grant

Public Engagement

As public organizations, some Grantmakers require grantees to commit to traveling, public speaking, and press events to promote the Grantmakers' impact. Get clarity on these requirements early on, especially if you are unable or uncomfortable to execute these duties. If you would like to ensure that you receive copies of any photos or videos, be sure to obtain these permissions (if the Grantmaker allows) and request contact information from media personnel who can supply these to you.

Reconcile budgets and document spending

Your first step after getting a business grant should be revisiting your budgets. Include the grant dollars in your business budgets and document your spending in a detailed manner. You will need this information when you file tax returns. The Grantmaker may also require that you provide detailed spending records of how funds were used.

Update plans and document your growth journey

How does receiving a grant impact your growth plans? In what ways are you able to grow or scale your business as a result? Document these changes in your business plan. Grantmakers love an impactful story and will usually share your growth journey with their audience. This provides business owners with significant marketing leverage - sending new customers and increasing your brand awareness.

Get clear on your funding timeline and process

Never assume that a Grantmaker will simply deposit an award in your bank account immediately upon approving your application. Some Grantmakers are beholden to strict laws and policies regarding the disbursement of funding and the process of receiving your funding may reflect this. Once your funding is approved, inquire with your contact person about the anticipated funding release date and the process for receiving funding. Some Grantmakers require reimbursable expenses - those documented with receipts and in formal budgets - before they will release grant funds. This could involve your company submitting receipts on a schedule as determined by your Funder until all of your grant funds are exhausted. Depending on the Funder, you may only be able to receive reimbursement for expenditures that occur on and/or after the day your funding is awarded. Every Grantmaker is different, so get clear early on so you can properly plan around their requirements.

Next Steps

1. Download the DSOURCE "Grantmakers Assessment" Template to evaluate individual Grantmakers and their programs prior to applying
2. Download the DSOURCE "Grantmaker's Checklist" to begin compiling all the necessary data and information to complete your grant application.
3. Download the DSOURCE Funders Toolkit Part II: on Financing and Lending to learn about how to obtain a traditional loan or character-based loan for your business.

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