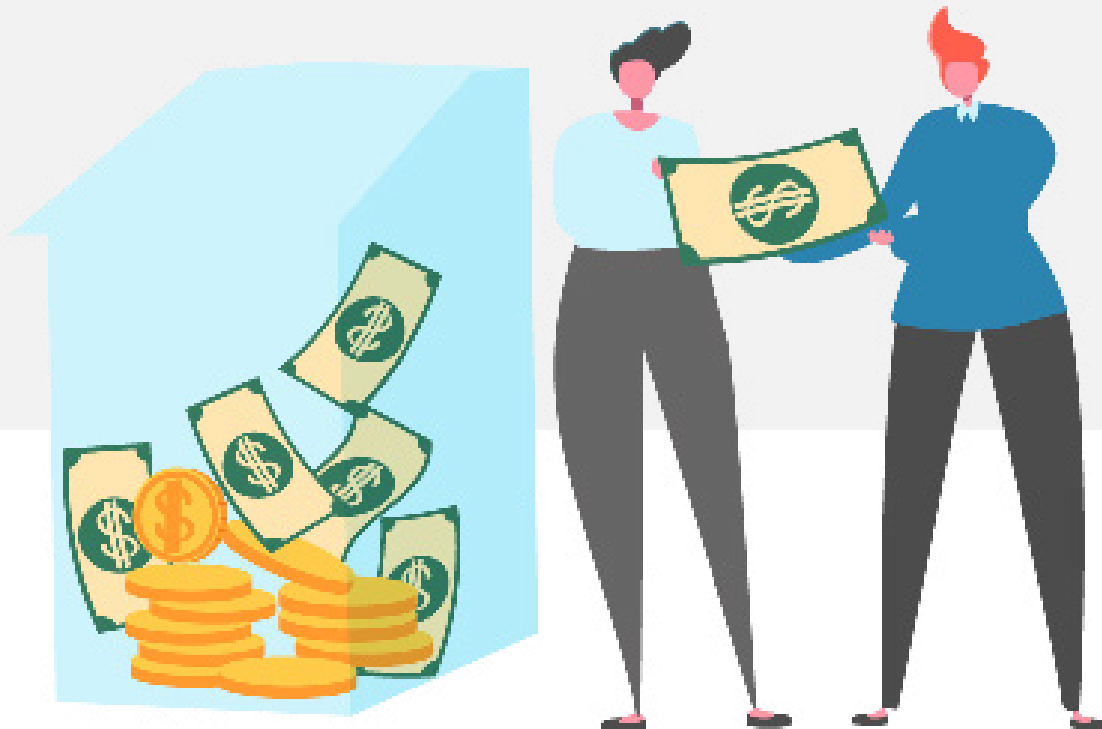




COMMERCIAL
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How Fundability & Minority Small Business Grants Can Build Off Each Other



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How Fundability and Minority Small Business Grants Can Build Off Each Other

First, to be clear, minority small business grants, and any grants for that matter, are totally free money that you do not have to pay back. As such, those awarding grants typically do not consider your ability to repay a grant in the selection process. That doesn't mean that fundability doesn't matter though. It does.

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Your Level of Fundability Can Affect Your Ability to Win Grants, and Winning Minority Small Business Grants Can Help You Build Fundability

How does this work? How does the fundability of your business affect your ability to get grants, and how can getting small business grants help you build fundability? Think about it. Of course, the main thing that grantors are looking for is a business that can be successful. That means having a winning business idea. That being the case, applicants focus on that piece. They present a fabulous pitch and a winning business plan, then they execute a flawless presentation and hope those that make the decisions love it.



However, if the competition is a close one, and there are any red flags out there on any applicant, it could mean the difference between winning, and not. Winning is important, because grants can be a great option for supplementing your funding.

The Bare Minimum: Do I Need Fundability to Get Minority Small Business Grants?

Most likely, those offering grants are not going to check credit. They probably do not even really care about your personal financials. Those pieces of fundability are not likely to come into play. You can find out more about those and the other parts of the fundability puzzle here.

However, the foundation of fundability needs to be in place. This is what can make a difference when it comes to winning minority small business grants. What is a foundation of fundability and why does it matter? It matters because it is what sets your business apart as legitimate. These are the things that separate your business from yourself, and it shows that you have all of your proverbial ducks in a row. It may never come into play, but if it does, you want to be ready. What are the building blocks of the foundation of fundability?

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Contact Information

The first step in setting up a foundation of fundability is to ensure your business has its own phone number, fax number, and address. Now don't panic. That doesn't mean you have to get a separate phone line, or even a separate location. You can still run your business from your home or on your computer if that is what you are doing. You do not even have to have a fax machine.



In fact, you can get a business phone number and fax number pretty easily that will work over the internet instead of phone lines. In addition, the phone number will forward to any phone you want it too so you can simply use your personal cell phone or landline if you want. Whenever someone calls your business number it will ring straight to you.

Faxes can be sent to an online fax service, if anyone ever happens to actually fax you. This part may seem outdated, but it does help your business appear legitimate to lenders.

You can use a virtual office for a business address. How do you get a virtual office? What is that? It's not what you may think. This is a business that offers a physical address for a fee, and sometimes they even offer mail service and life receptionist services. In addition, there are some that offer meeting spaces for those times you may need to meet a client or customer in person.

EIN

The next thing you need to do is get an EIN for your business. This is an identifying number for your business that works in a way similar to how your SSN works for you personally. Some business owners use their SSN for their business. This is what a lot of sole proprietorships and partnerships do. However, it really doesn't look professional to lenders, and it can cause your personal and business credit to get all mixed up. When you are looking to increase fundability, you need to apply for and use an EIN. You can get one for free from the IRS.

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Incorporate

This is the most important step in fundability thus far. Incorporating your business as an LLC, S-corp, or corporation is necessary to fundability. It lends credence to your business as one that is legitimate. It also offers some protection from liability.

Which option you choose does not matter as much for fundability as it does for you budget and needs for liability protection. The best thing to do is talk to your attorney or a tax professional. What is going to happen is that you are going to lose the time in business that you have. When you incorporate, you become a new entity. You basically have to start over. You'll also lose any positive payment history you may have accumulated.

This is why you have to incorporate as soon as possible. Not only is it necessary for fundability and for building business credit, but so is time in business. The longer you have been in business the more fundable you appear to be. That starts on the date of incorporation, regardless of when you actually started doing business.

Business Bank Account

You have to open a separate, dedicated business bank account. There are a few reasons for this. First, it will help you keep track of business finances. It will also help when it comes time to do taxes by keeping your personal finances separate from your business finances..



There's more to it however. There are several types of funding that are not available without a business bank account. Many lenders and credit cards want to see a business account with a minimum average balance. In addition, you a merchant account is not an option without a business account at a bank. That means, you cannot take credit cards payments. Studies show that consumers usually spend more when credit card payment is available.

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Licenses

For a business to be legitimate, it has to have all of the necessary licenses it needs to run. If it doesn't, warning lights are going to flash all over the place. Research what you need to do to ensure you have all of the licenses necessary to legitimately run your business at the federal, state, and local levels.

Website

In these times, you do not exist if you do not have a website. Having a poorly put together website can be even worse though. It is the first impression you make on most. As a result, if it appears to be unprofessional, your business will look bad before the customer even gives it a chance.



Spend the time and money necessary to ensure your website is professionally designed and works well. Pay for hosting too. Don't use a free hosting service. Along these same lines, your business needs a dedicated business email address. Make sure it has the same URL as your Website. Don't use a free service such as Yahoo or Gmail.

If you are a new business applying for minority small business grants to help get you off of your feet, you may not be ready for all of this yet. Much of it can be done at square one however, and it is infinitely easier to do so. For example, just go ahead and get a business number and address and use it on your grant applications. Get a professional website, or at least a prototype, up and running so you have something to show. It could make all the difference.

How Can Minority Small Business Grants Help Build Fundability?

It's pretty easy to see how fundability can affect your ability to get minority small business grants. How is the reverse true though? How can minority small business grants help you build fundability, especially when you don't have to pay them back so there are no payments to report to business credit.

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Here's how. When you get minority small business grants, you have free money to grow and expand your business. This can help you be more profitable without the debt typically associated with growth. This, in turn, makes it easier to pay back any debt you do have to get in the process of starting and running a business, which will help to build fundability.

The only question now is, where do you get minority small business grants? Many private and government agencies offer them, including some corporations. Some are offered annually, while others are available for one time only. It would be impossible to list all available grants, but here are a few to start with. Remember to do your research, as all of them have different eligibility requirements and application processes.

Options for Minority Small Business Grants

If you qualify, there are many grant options available. There are not as many specifically for minorities, but there are some. Here is just a sample of what is out there.

First Nations Development Institute Grants

With a mission to offer grants that help Alaska Natives, Native Hawaiians, and Native Americans, this group is at the top of the list. They also offer assistance in the application process.

Not only that, but there are a wide range of other opportunities from the First Nations Development Institute. Get on the mailing list to receive information about new opportunities as they become available.

National Black MBA Association Scale-Up Pitch Challenge

Also known as NBMBAA, the Scale-Up Pitch Challenge has cash prizes ranging from \$1,000 to \$50,000. The associate states its purpose is to help newer businesses that have an African founder that maintains equal ownership.



A business must be a member of the NBMBAA to compete. There is a \$10 monthly membership fee. After that, there is an online application. If chosen,

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you must submit a three-minute pitch. Then, finalists go on to compete at the NBMBA annual conference.

Non-Minority Specific Options

There are grants options that can work well even though they are not exclusively for minorities. Some examples include the following.

FedEx Small Business Grant

This grant is the company's way of working to strengthen small business innovation. There are 10 grants the company awards each year. They range from \$15,000 to \$50,000, and if you're a minority owned business with a cutting-edge product, this could be the grant for you.

A business must use the FedEx website to submit entries. There are a few questions to answer about your business. In addition, there is a requirement for an elevator pitch about what makes your business special. Also, you have to explain how you would use the grant funds. A 90 second video submission is optional.

NASE Growth Grants

The National Association for the Self-Employed (NASE) has small business Growth Grants of up to \$4,000. They are for micro-businesses, and proceeds can be used for a number of things including marketing, advertising, expansion, and even to hire employees. Anyone can apply, but you do have to be an NASE member. Membership fees vary based on the level of membership you choose.

USDA Value Added Producer Grant

The USDA's Value-Added Producer Grant (VAPG) program offers grants for small businesses. It includes minority owned business. Grants range up to \$250,000. These grants are designed specifically to help agricultural producers with activities that add value to their products. As a result, grants are open to those in rural areas. They must be operating as one of the following:



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- Cooperative
- Farmer
- Rancher
- an independent agricultural producer
- or an agricultural producer group

Minority Small Business Loans and Fundability: It Goes Both Ways

While neither directly affects the other, the two do affect each other indirectly. Having a strong, fundable foundation can help the pendulum swing your way when it comes time to make a grant decision. By the same token, if you win a grant, the funds could help you build strong fundability if used properly. The two together make a winning team for your business.

