

Government Grants to Start a Business

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So, you want to start a business and you want to get a grant to pay for it? This article's for you!

I'm going to get right to the point here and bluntly say it so we're all clear: There is no such thing as a grant to start a for-profit business... period! In case you didn't catch my drift, go back and re-read the second part of that sentence again and again so it sinks in good.

And, before we go any further let's clarify that sentence so we're all on the same page. The grants I'm talking about here are grants (free money, not loans, matching funds, or assistance programs) that will pay start-up costs for a for-profit (i.e. day care, restaurant, convenience store, barber shop, etc.), privately owned business venture (as opposed to non-profit organization, civic group, etc.).

So to be very clear on this, there are grants from government agencies and private foundations that go towards partially funding civic projects, research and development of new technology, education, and non-profit organizational work... but not start-up businesses. There are occasionally a few invaluable grant, loan, and assistance programs that will help a small business set up or partially pay for a single component of a business such as getting a web site set up or for training on such things as accounting software or in business management classes, however they are all very limited in scope and dollar value. They are considered assistance, not even remotely business start-up grants. All these resources should be taken advantage of to increase your chances of success... but that's the topic of another article.

Grants are an extremely annoying and persistent "urban legend" that will just not go away. This is a topic of conversation amongst most of the regional Entrepreneur and small business assistance organization personnel. We're all continually amazed at how many people believe there are grants out there for them to start their own business. Of course they are always very sure they are right and we are wrong when told there is no such thing as a grant to start a for-profit business. But nobody, I mean nobody, has ever proven us wrong by getting one.

As a matter of fact, I got into a animated discussion with someone who should know better, who works with a business assistance program, and I bet him \$100 to prove to me that there was such a grant as he described. He was adamant that he was right, but didn't take the bet. I still won because he couldn't show me the grant.

Don't just believe me either. Ask the people who deal with Entrepreneurs and potential Entrepreneurs all the time. People like Peggy Connor, Herman Houston, and Jane Alison at the Small Business Development Center at LSUS, or Bob Boling the local SBA representative, or Diana Simek the manager of the business incubator. They all deal with the problem and answer the question all the time.

Of course there's also a guy on TV that wears a weird jacket making tons of money perpetuating the lie. He should be my hero, (what an Entrepreneur!) but he's not only perpetuating a destructive and false idea, he's also helping perpetuate the distinctly American habit of wanting something for nothing (i.e. free money to start "my" business).

There are no federal government grants for people to start their own business. The only grants in his book are educational Pell Grants and a bunch of federal civil grants. What makes his shenanigans really asinine is that all the information in his book is free public information that everyone has access to (but he's able to sell this free info in his book... what a markup!).

If you don't believe me go to <http://www.sba.gov>, the Small Business Administration's web site. They have a grant's page that will take you to all the federal agencies grant programs. They also have the following frequently asked question and answer:

“Does the SBA have business grants?”

No. The SBA does not provide grants for the purpose of business start-up or expansion. SBA does offer several loan programs which are described in this document. For grant information and resources, see [SBA's Grants page](#).” (direct from the SBA website: <http://app1.sba.gov/faqs/faqindex.cfm?areaID=1>)

There is further explanation supporting my contention of what all government grants support in the following statement:

“SBA's [grant resources](#) generally support non-profit organizations, intermediary lending institutions, and state and local governments in an effort to expand and enhance small business technical and financial assistance.”
(<http://www.sba.gov/wi/wifaqs.html>)

Right here I will digress from the subject and pitch the SBA website. If you are thinking of starting a business, the SBA site has a ton of valuable information on nearly every facet of starting and running a business. It is a great place to learn some things. Of course there are a lot of free resources and programs for Entrepreneurs to tap for learning besides the SBA site (which is also another article).

Now let me explain why the grant myth is such a terrible blight on Entrepreneurship. The problem actually boils down to a few things.

By definition Entrepreneurs take risks when they start a business. Why, because most businesses fail within 5 years of start-up. When I say most, hard statistics are difficult to nail down, but all resources that measure that kind of thing say anywhere from 65% to 85% of all start-up businesses are no longer in existence after 5 years. One source that I believe suggests that as many as 95% of all start-up businesses fail within 10 years.

Of course no matter what stat you want to pick, it doesn't take a brilliant turnip to come to a concrete conclusion that “most” start-up businesses fail, or at least are no longer in operation within five years of starting. That fact alone says that if there were government grants out there, “most” of the money would be wasted and lost. But, more importantly, answer this: If a person has nothing to lose (his or her own money), then how committed and passionate about that business is that person going to be especially when the going gets tough (and it will... it always does)? So if the failure rate is as high as it is now, can you imagine how high it would be for businesses started by people who risked nothing?

So as anyone can clearly see, even the possibility of business start-up grants is a little absurd. There are many ways businesses are financed, but there is no free money, it's called capitalism. If you expect to be a truly successful Entrepreneur, you have to figure out how to finance your business... you have to fit another term always used to describe successful Entrepreneurs... resourceful.

Now, if there's still any of you who are absolutely sure I'm wrong about this please take my \$100 bet... I need to finance my own start-up!!!!

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