

Free Grants to Start a Business

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Common occurrence: A budding Entrepreneur calls the SBDC to ask how to start her own business and get a grant to pay for it?

The answer to the first part of the question is a huge topic, but the answer to the second, the grant question, is easy- there are no grants to start a business. She immediately takes offense... she knows better... her Aunt's best friend's neighbor's cousin got a grant to start a hair salon... she knows there are grants.

Attention! There is no such thing as a grant to start a for-profit business... period! Business startup grants are an urban legend; a myth that just will not die.

I'm talking about grants (i.e. free money, not loans, matching funds, or assistance programs) that will pay startup costs for a for-profit (i.e. day care, restaurant, etc.), privately owned business.

There are grants for civic projects, research and development, education, and non-profit organizations... but not start-up businesses.

The guy on TV with the wild suit is making tons of money selling the myth. The grants in his book are educational Pell Grants, SBIR grants, and civil grants. What makes his book really asinine is that everything in it is free public information available on the internet (he's able to sell this free info... what a markup!).

He is capitalizing on the distinctly American trait of wanting something for nothing... a shortcut. It's sad but true, in the country with the strongest economy on earth built by Entrepreneurs doing it the hard way, Americans spend billions looking for a free ride (e.g. rampant litigation, lotteries, grants, etc.).

The myth is big business. A "business startup grants" Google search will give you over 22 million hits, most selling something I'm sure. Somebody please go through them and let me know how many grants you find.

The best evidence is on the one website that would have grants if anyone did- the Small Business Administration (www.sba.gov). They have a grants page with this bolded, underlined sentence right at the top: **"The U.S. Small Business Administration does not offer grants to start or expand small businesses..."**

Now, if the federal program specifically set up to promote small business is that adamant about not having grants, why would anybody else have them?

Here's why! Starting a business is extremely risky: 65% to 85% are no longer in existence after 5 years and as many as 95% of all startup businesses fail within 10 years.

In other words, MOST startups fail! That alone says that if there were grants, most of the money would be wasted. More importantly, if a person has nothing to lose (her own money), then how passionate about that business is she going to be, especially when the going gets tough... and it will... it always does? A 100% failure rate would be likely.

So, it's clear that startup grants are absurd so let's let that myth die. If you want to be a successful Entrepreneur, you have to figure out how to finance your business yourself... you have to be something used to describe every successful Entrepreneur... resourceful.

We'll talk about that next time.

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