

HOW TO SUCCESSFULLY APPLY FOR BUSINESS GRANTS

INTRODUCTION

If you are looking to open a business of your very own, you are not alone. Every year more and more people make the decision to stop working to make other people rich and to start their own businesses. For most of them, having the start-up capital that is needed is harder than one might think.

Small business grants are often a hot topic with new business people with a small amount of money and little access to other capital. We have all seen the many media claims about "Free Government Grant for Small Business." It seems all too easy to get these days.

Of course, if it were really that easy, all you would have to do is find a government small business grant to apply for, apply and before you knew it you would have the money to grow your business.

Most U.S. government departments, like the Department of Commerce, do not provide any grants for help in starting a small business. Grant programs are available through state programs and other groups as well. The grant programs are often awarded to people in fields such as medicine or education, and they all have specific eligibility criteria.

The process of finding a small business grant program to apply for and reviewing the requirements to getting is very time consuming. After conducting a two-week search for a medical publisher, I found the requirements to be very specific and difficult to meet.

Eligibility can be based on your location, and your business' sales revenue to the application date, years in business, sex, race, and even for the purpose of funding. If your business sets out on a small business grant seeking mission there are some questions that you will have to answer which are:

1. Do you have the time and the resources available so that you can search for a small business grant program and apply for it?

2. Can you afford to hire a consultant if you are unsure of how to do it, or can you learn the grant application process by yourself?

3. Does your business need the money right now for expansion or can you wait up to a year?

4. If you do decide to ask for a grant, will it hurt your business because it will be taking away time from selling and marketing?

If you want to take a look at the small business grants available, the best place to start is the Catalog of Federal Domestic Assistance (CFDA). The CFDA lists thousands of grants from all government agencies for free. Many business grants will be geared towards minority business development or rural business opportunity grants. Do not overlook the other assistance programs available such as equipment and training.

If you do find a small business grant program that is available for your business, you will need to be ready to go through a lengthy, approval process. With today's funding cutbacks and the high amount of competition you will want to be prepared for it by following these quick tips:

Small Business Grant Tips

- Provide the grant company with all of your complete and accurate information in the application. An incomplete application will likely not make the review process or it can add delay your grant from getting approved.

- Get to know your grant officer and their constraints, budget and concerns with approving your grant.

- Stand out among the crowd with a well-prepared business plan if required. You will have to demonstrate your understanding of the business. Show how the money will bring the benefit the government agency wants.
- Bring in outside experts or consultants to help you if you need it. An accountant or consultant can add credibility to your application process.
- Keep in touch with the company offering the grant. Make regular contact with the grant office in a professional, but non-intrusive manner.
- The task of locating and applying for a small business grant is not for the people who are not willing to go through hell. Take an honest look at alternative sources first, such as loans, personal credit lines, friends and family.

If you find that you are willing to go through the steps that will be needed in order for you to get your grant, then this will be your comprehensive guide to making it happen. After this book you will be fully equipped to not just applying for, but getting the grant that you need.

IMPORTANT FACTS ABOUT GRANTS AND FUNDING

Finding and identifying the various government agencies that give grants for specific reasons in specific subject areas requires time, effort, and research. Here is you will find a starting point for looking for it.

If you are looking for funding for an existing or new for-profit business, you may find that it is more difficult in finding and getting grant funding. Government grants are generally (though not necessarily always) given to non-profit organizations for programs and services that benefit the community or the public as a group.

The first place that you should look for government grants is the U.S. Government's www.Grants.gov Website. This site will help you to be able to electronically find and apply for the various different grant opportunities from all Federal grant-making agencies.

You can also look for information on the different types of grants and the government agencies that make grants. Also, you can sign up to receive instant notification of future grant opportunities in your inbox. You can also take a look at the Government's Catalog of Federal Domestic Assistance (CFDA), which hosts a complete listing of various Government grants and other types of help that is available.

Here is where you can get information on grants by Category and Topic Area or you can search the Catalog by key words etc. if you find it easier that way. If you find a particular grant that interests you, make sure that you carefully read the section on Eligibility Requirements to find out if you would be qualified to apply for that particular grant.

You should also know that most government grants are not available all year-round. That means that you can't apply for most of them at any time that you feel like it, you can apply for them only when they are announced by a Government agency.

When an agency makes their money available for a grant, it usually puts an announcement in the Federal Register which is published every weekday. Here's where you can find the Government's Most Recent Grant Announcements.

Grants that are offered to individuals are generally given to them for educational support (financial aid), the arts, and various other types of research, although some agencies will give away grants to individuals for other purposes.

Getting a grant is hard work. You should never be fooled by advertisements and promotions that state that you can get free cash just by writing a letter. There is a lot of competition out there for grant funds. If you want to be successful in getting a grant, you must provide the funding agency with a very good proposal that explains your objectives and also offers a plan and a detailed budget plan for your activities.

Grants are only free in that you do not have to pay back the money. However, if you are awarded a grant you may be required to provide progress reports, program evaluation, and/or financial reports to the government agency that gives you the grant.

TYPES OF GRANT PROGRAMS

There are a good number of business grants out on the market today and the table below points all of them out. Knowing which one to apply for will help you to choose the grant that you are most likely to get approved for. This table was provided by http://grants.nih.gov/grants/funding/funding_program.htm. If you visit this site you can get special information about each grant and their specific requirements.

Research Grant Programs	
R01	NIH Research Project Grant Program (R01)
R03	NIH Small Grant Program (R03)
R13 & U13	NIH Support for Conferences and Scientific Meetings (R13 and U13)
R15	NIH Academic Research Enhancement Award (AREA) Grants - (R15)
R21	NIH Exploratory/Developmental Research Grant Award (R21)
R34	NIH Clinical Trial Planning Grant (R34) Program
R56	NIH High Priority, Short-Term Project Award (R56)
New Investigators Program	
K99/R00	NIH Pathway to Independence (PI) Award (K99/R00)

Multiple Principal Investigators	
Multiple PIs	Multiple Principal Investigators web page with associated funding opportunities.
Research Supplemental Programs	
Diversity Supplements	Research Supplements to Promote Diversity in Health-Related Research
Ruth L. Kirschstein National Research Service Awards (NRSA)	
T32	Institutional Research Training Grants (T32)
T35	Short-Term Institutional Research Training Grants (T35)
F30	Individual Predoctoral Awards For M.D./PH.D. Fellowships (F30)
F31	Individual Predoctoral Fellowship Minority Students (F31)
F31	Individual Predoctoral Fellowship Students w/Disabilities (F31)
F31	Individual Predoctoral Fellowship (F31)
F32	Individual Postdoctoral Fellowships (F32)
F33	Senior Fellowships (F33)
Research Ethics and Training Grant Programs	
T15	Short-Term Courses in Research Ethics (T15) <i>(Note: Program Announcement expired March 13, 2004)</i>

T90	Training for a New Interdisciplinary Research Workforce (T90) <i>(Note: RFA application receipt date was March 10, 2004)</i>
NIH Career Development (K) Awards	
K Kiosk	Information about NIH Career Development Awards
Small Business Awards	
SBIR/STTR	Small Business Funding Opportunities Web Page
Other Programs	
BECON	NIH Bioengineering Consortium (BECON)
BISTI	Biomedical Information Science and Technology Initiative (BISTI)
Ethical Issues in Human Studies	Research on Ethical Issues in Human Studies
IDeA	Institutional Development Awards (IDeA)
PECASE	Presidential Early Career Award for Scientists and Engineers (PECASE) Program with listing of NIH Recipients since 1996
Roadmap	NIH Roadmap Initiatives
S07	Human Subjects Research Enhancement Awards (HSREA)

YOUR GRANT PROPOSAL

Unless you are loaded with cash, chances are that you will need some financial help in order to get all of the things that you will need to start your business. This section is going to help you to get all of the things that you will need to do in order to give yourself the best chance at getting the funding that you will need. It will be a long one.

First of all, you are going to have to plan out your business ideas and goals so that you can create an effective business plan. It is going to be your business plan that will inevitably decide if you are able to get the funding that you need. You can start by using these tips that will help you to develop your plan for writing the business plan that you will need.

1. You should start by making sure that you clearly define your business idea and that you are able to articulate it properly. To do this, you need to know what your mission is.
2. You have to thoroughly examine your motives for getting into the pharmacy business. Make sure that you have a passion for owning a business in particular.
3. You have to be willing to commit to the hours, discipline, continuous learning and the frustrations that go along with owning your own business.
4. Conduct a competitive analysis in your market that should include: products, prices, promotions, advertising, distribution, quality, service, and you will also want to be aware of the outside influences that will inevitably affect your business, such as competition.
5. You will want to seek out help from other small businesses, vendors, professionals, government agencies, employees, trade associations and trade shows. Don't be afraid to seek out other places as well.

THE BUSINESS PLAN

Having told you what you should think about when you are creating your business plan, I will now seek to help you in the actual creation of a good business plan. The hardest part about creating a business plan is getting the energy together to get started.

At first it seems like a horribly daunting task. But once you get going you'll find that writing the business plan is not as tough as it seems. You can begin with some of the easy steps first. Some of these are as follows:

- Describe your business and what makes it stand out
- Talk about the specific market you are targeting
- Explain what stage of development your business is in such as is it brand new or are buying someone else out.

If you get hung up on a particular part of the plan, don't worry because you can skip it for now and just come back and fill it in later. You also don't have to worry about making a perfect first draft either because you can just get some thoughts down to get the process going and you can always come back and fix it up later.

Keep your audience in your head

Throughout the writing of your business plan you want to keep in mind who your intended audience is going to be and why you are writing the plan in the first place. For example if you are trying to attract equity investors you are going to want to emphasize the big upside of your business' profit potential.

While doing this, you will also need to be particularly careful to make sure that you choose to adequately disclose the risks and uncertainties that are involved in your business, because investors will often look for someone to blame if their investment disappears.

If you are trying to get debt financing for your business then you are going to want to emphasize not the huge upside profit potential but rather the certainty that the debt can be

repaid. In fact, when you talk of big profits you may just scare away debt financiers because high profit potential usually means high risks as well.

If you are writing a business plan that is meant to help you run the business better you may want to skip or write very simple sections with all of the general background information on the company and the industry, and instead focus most of your plan on the areas of your plan that are currently most important to you.

Strategy is Important

Basically the first half of the business plan is going to be geared towards helping you to develop and support a solid business strategy. This is where you will look at the market, the industry itself, customers and competitors. You will also have to look at your customer needs and the benefits of the various current products and services that are available to you.

You will have to really look at the strengths and weaknesses of each competing like business in your area and try to find any opportunities for your and your ideas in the marketplace. All of these steps are largely aimed at helping you create a strategy for your business.

The second half of the business plan is going to be used to execute your selected business strategy. Your pharmacy's products and services, your marketing and your operations should all closely tie in with your strategy. So while it may be easy for you to choose a well thought out strategy for your plan, I would personally recommend you give a lot of thought to the strategy that will set the course for your business.

Think in a Competitive Way

In today's crowded marketplace, you're probably going to have serious competition no matter how creative and original your own business concept is. That is why you are going to need to think as competitively as possible throughout your entire business plan.

You need to be able to realistically identify where you will do things in similar manner as your competitors, as well as where you will do things differently. You will want to acknowledge where you have real strengths and where you have real weaknesses.

You should also fully understand that in order for you to try to run a major aspect of your business significantly better than your competitors may be a very difficult challenge; especially since there are so many of them out there today. Because of this, you are better off if you focus your planning on being different than your competition rather than just on competing with them less directly. For example: Can you find a particular market niche to focus on? Can you find a unique strategy to build your business on?

Be realistic with your goals

A lot of business plans sound good on paper, but don't work at all when they are used in the real world marketplace. It's often very difficult to attract people to a new business when there are so many out there already. Just because it's better doesn't mean people are going to switch to it because most of us have been going to the same businesses in our communities our entire lives.

People or companies have established buying patterns and are currently doing business with someone else. In order for you to get them to do business with you, you are going to need to do more than the others do in order to attract them to your place of business instead.

You've got to steal them away from someone else's business basically so be ready for this. It's also quite possible that when you enter the marketplace, that your competitors may react with their own new products or services or by cutting their prices or offering even more or similar strategies as you.

You need to know that while it's easy to overestimate sales projections it's just as easy to underestimate how much it will cost to run it as well; especially for a start-up business. There are always going to be a hefty amount of cost overruns, expensive problems, and

specialty items that you need that you have simply overlooked. So you will want to be very conservative and try to have an extra wad of cash hidden away just in case.

Outline of a complete business plan:

Telling you how to develop a complete business plan is just not the same as showing you exactly what needs to be included in one. Below is exactly what you need to include in your business plan so that you have a decent place to start. Here is a quick nine-step guide to what you will need in your company's business plan:

1. **The executive summary:** The executive summary is what introduces your business strategy to the reader and probably is the most important section for lending institutions. If you can't convince a grant agency in the first two or three pages that you've got a good business proposal for them to listen to and that you're not going to leave without some funding to help you get started. This summary is also important as a communication tool for employees as well as any potential customers who need to understand your goals and ideas.
2. **A small section on company startup:** This section of your business plan is where you have to clearly explain the thought behind the company's creation and how you or your business associate came up with the idea to start your business.
3. **Your company goal:** You will have to use this section to explain in as few paragraphs as possible what your short and long-term goals for the company are. How fast do you think it will grow? Who will be your primary customers?
4. **Biographies of management:** This section will be used define your management team and what their purposes are. This section should include information such as the names and backgrounds of lead members of the management team and their responsibilities.

5. **The product/service you will offer:** This is where it is a must that you include a key piece of information that needs to be included in this section; which will be a discussion of how your pharmacy actually differs from every other business on the market.
6. **The market potential:** This is the section where you will really want to remember that you've got to convince everyone that you're after is relatively large and growing. You'll need to do some research for this section.

If you're planning to open a locally based business, you need to check out the demand for your offering within a certain radius that is based on what you determine is a reasonable distance from your business. If you are planning to open a Web-based business or one that relies on both the Internet and local traffic for revenues, you'll need to evaluate demand on a local and/or a national basis. You can also seek to get this type of information online as many different sites will perform this analysis for you.

7. **The marketing strategy:** This is the section where you will have to ask yourself how you plan to tell the world you're open for business. For example, questions like; Will you advertise in print, television or on the Web or all of these? Will you use online marketing tools like search optimization, to get your company listed on search engines and advertised on other Web sites? You'll also need to include how much you plan to spend on marketing.
8. **A 3-5 year financial projection:** This section should have a summary of your expected financial forecasts, including spreadsheets showing the method that you used to reach these projections. You'll want to use your balance sheets, income statements and cash-flow projections for the entire period that year. The summary in this section is also where you would tell grant agencies how much money you'd like to get in order to cover your startup costs. The assumptions that you make in this section will make or break your company's success. If you're unsure about using this

kind of financial modeling, find a professional.

9. **An exit strategy.** All good business plans include a section that lays out the benchmarks you'll use in deciding to call it quits. The strategy could be based on a specific figure, revenue growth, the market's reception to your idea, or a consensus among top officers.

Sample Business Plan

This sample was located at <http://www.businessstown.com/planning/creating-rainbow.asp> It outlines everything that I covered in the above sections. Although it doesn't apply directly to pharmacy plans, it does show everything that I mentioned above.

Business Plan: Rainbow Kites, Inc.

SUMMARY

BUSINESS CONCEPT

The Kite industry has expanded rapidly in the past several years and growth is expected to continue at a strong pace for the foreseeable future. This offers excellent opportunities for new companies to enter this market. We intend to address the needs of customers in this market who seek higher quality, higher priced kites. We will address this need by importing, selling and distributing higher end kites in the US and Canada. Distinguishing characteristics of our business will be top quality products, special emphasis on higher end independent retailers, and high level of service.

CURRENT SITUATION

We are a start-up, incorporated in 1998 in the State of California. The principal owner is Tom Anderson whose title is President and who has many years of experience in the toy

industry. Other key personnel include Nancy Anderson, his spouse who has experience in customer service, bookkeeping and office work. At this time we are seeking additional equity capital to compliment our own equity investment and seeking to arrange a bank line for inventory and receivables financing. We have firm commitments to distribute several highly sought after overseas kite manufacturers and have verbal commitments from independent retailers primarily along the West Coast to stock our products. We hope to ship our first products within six months of finalizing financing arrangements.

KEY SUCCESS FACTORS

The success of our business will be largely a result of superior products, superior service, extra attention to detail throughout our operation, personnel and our high level of experience in the industry. In particular what really sets us apart from the competition is that we are ONLY going to sell high end kites and we are ONLY going to sell to higher end outlets. This will allow us to give absolutely top service and product selection for these accounts without getting distracted from the very different product and service demands of the more mass market outlets.

FINANCIAL SITUATIONS/NEEDS

In order to effectively launch the business, we project a total need for \$300,000 in equity financing. Principal uses of the funds will be to finance operations until cash flow becomes positive and to create a stronger balance sheet in order to help secure additional bank lending against to finance inventory and receivables. To date we have raised \$132,000 from founders, Tom and Nancy Anderson, and their relatives. We project that the company will be profitable within two years. We project that within three years of reaching break-even that this new investment could be cashed out by either the founding partners purchasing this investment stake or by replacing the investment stake with additional bank financing.

VISION

VISION STATEMENT

Our vision of what our company will become in the future is to have developed relationships with key retailers so strong that they will view us more as indispensable partners, than just another supplier. We will work closely with each retailer we serve to recommend product assortment unique for their customer base, appropriate stocking levels, pricing and display assortments. We will constantly seek out and work with the manufacturers we represent to deliver the most innovative and exciting products possible to the retailers we serve.

MILESTONES

1. Overseas manufacturers agreements in place...done.
2. Verbal commitments from many West Coast retailers...done.
3. Presentation to potential investors...underway now.
4. Presentation to potential banks for inventory and receivable financing...underway now.
5. Financing commitments in place..60 days.
6. Product catalog completed...30 days...
7. Additional sales reps being recruited...underway now...
8. Sales rep selection finalized...60 days.
9. Warehouse lease signed...90 days.
10. First written orders from retailers... 75 days.
11. First orders to manufacturers...110 days.
12. First shipments from our warehouse...160 days.

MARKET ANALYSIS

THE OVERALL MARKET

The overall size of the industry is currently \$150 million in the US and Canada. Because the industry includes a very diverse group of product types with significantly different characteristics, it is more meaningful to break out analysis of the industry into roughly two groups. The first group and by far the larger unit volume are lower end kites sold primarily through mass market outlets such as discount department stores. The second group are higher end kites that are sold largely at independent and specialty chain stores. While the unit volume is much less, the dollar volume is approximately the same (\$75 million) as that for lower end kites because the average price point is much higher.

CHANGES IN THE MARKET

The most significant development in this marketplace recently has been the shift in toy and kite business away from independent stores to national mass marketers over the past decade. However, recently this trend has slowed as independent toy and novelty retailers have become better at differentiating themselves and their product selections from those offered by national mass marketers.

MARKET SEGMENTS

The market is primarily segmented by distribution channel. The mass market retailers are looking for low-priced products and a high percentage of their products are licensed merchandise, for example based upon kid's cartoon characters. Independent specialty retailers however are trying increasingly to be as different from the mass merchants as possible and are generally selling much higher priced product and seldom want merchandise based upon licensed cartoon characters.

It should be pointed out that there are few stores that sell just kite merchandise--even among independent specialty stores most of the volume in kites is sold at stores that sell a wide assortment of other merchandise such as toys or other novelty items.

TARGET MARKET AND CUSTOMERS

Our target market is independent and small chain merchants that are committed to selling higher end kite products. We particularly want to focus on accounts that just sell higher end kite products and that are committed to stocking a selection of at least a dozen different kite products. These accounts we feel offer the best growth potential and will benefit the most by the help we can bring to them in selecting and displaying our higher end merchandise.

CUSTOMER NEEDS

The basic need of target retail customers is to differentiate their store from mass market stores and give customers a reason for shopping their store and paying significant premiums for their products instead of getting a low-end product at a discount department store.

These stores really appreciate stocking a line that is not sold at mass market accounts. They also appreciate dealing with an importer who is committed to specialty stores exclusively, not mass market accounts.

CUSTOMER BUYING DECISIONS

The buying decision is almost always made at an in-person sales presentation. The personal touch appears to be essential for moving buyers to action for this product because at these high end retailers are very demanding about the product quality being stocked in their stores. They insist upon seeing finished products, not just mock-ups or catalog pages. Some purchases are made at trade shows, but only a small percentage.

COMPETITIVE ANALYSIS

INDUSTRY OVERVIEW

Across the US and Canada there are many firms that distribute kites. The vast majority however distribute only one or two low end kites as a very small part of their overall distribution business.

There are several distribution firms that offer between a dozen and as many as one hundred kite products. These firms represent many different products and the sale of kites represents a very small fraction of their business. These firms also to a wide variety of outlets including mass merchant accounts.

CHANGES IN THE INDUSTRY

The big change in the kite industry over the last few years has been the concentration of lower end kite sales in mass market accounts, along with a strengthening market for higher end kites in upscale specialty accounts.

Current distributors representing larger kite product lines while still selling to a wide variety of outlets, have tended to focus most of their efforts on selling lower end products to mass market type accounts--where their revenue is much greater.

OPPORTUNITIES

While the competition is well-established in, and gives a lot of focus to, current major markets for this product, they are much less aggressively pursuing the higher end kite market. This market offers terrific potential because it has significant growth potential, and the competition is not well-entrenched here. Furthermore, this market differs from the other markets in the many important ways. While this market may not be the largest, it appears a very solid opportunity for a newer competitor.

THREATS AND RISKS

Because we are a small firm, we do not anticipate a meaningful or prompt reaction to our market entrance from our larger and more established competitors. We think a strong

reaction from existing distribution firms is particularly unlikely because the primary competitors derive only a very small percentage of their business from kite sales, and even that revenue is largely from mass market accounts that we plan on avoiding. However, we have developed contingency plans for certain reactions that competitors may make. If a competitor lowers their prices on the exact same product we are offering we will match their price on that product. But we intend as much as possible to emphasize products that our competitors are not selling to begin with.

STRATEGY

KEY COMPETITIVE CAPABILITIES

We are better positioned than our main competitors to take advantage of the increasing demands of upscale independent specialty stores to sharply differentiate their kite selection from those of mass merchants. Because we are going to focus exclusively on importing higher end kites for independent specialty stores we will be much better able to serve their needs than current distributors who handle many items other than kites and also give their primary attention to larger mass merchandise customers.

Tom Anderson's extensive experience in the toy business and his solid knowledge of the kite market in North America, his personal contacts at independent retailers on the West Coast and his contacts at overseas suppliers give us a strong competitive advantage.

Nancy Anderson's background in running offices and handling customer service issues will give us a strong service advantage.

KEY COMPETITIVE WEAKNESSES

Our primary weakness is that we are a new business competing largely against established firms. To significantly build sales, we must not just find new customers--we must take customers away from existing firms. However by offering a superior selection of kites and focusing exclusively on upscale independent stores we feel will can quickly open accounts at many retailers and build strong relationships. Co-founder Tom

Anderson has had many discussions with owners and buyers at retailers that confirm this opinion.

Another disadvantage we have is stronger personal ties with accounts on the West Coast of the US and Canada than in other parts these countries. We plan on offsetting this weakness by hiring experienced commission reps for other territories. We have already had preliminary discussions with several highly successful reps and these reps have shown interest in continuing discussions with us.

Financially we do need additional funding. But after the targeted funding is in place we will have ample financing for the foreseeable future.

STRATEGY

Our strategy is to focus 100% of our efforts on the market for upscale kites. By focusing all of our effort and energy on this particular niche, we expect to quickly develop and maintain a leadership position. While other firms try to be all things to all people, we believe that our singular focus will give us significant advantages. Most of the firms serving this niche now also serve much larger markets and give only secondary attention to the upscale. On the other hand, our firm will give our total focus to this niche; our key people will stay in personal touch with customers in this niche; and we will be able to respond to changes in this market much faster than our competitors.

We will offer the best, most highly personalized service in the marketplace we serve. Especially being a very small, owner-operated company, we intend to use this to our advantage to be absolutely certain that every one of our customers receives excellent service. We will go out of our way to make sure that our customers know that they truly matter to us. For example we will carefully recommend seasonal inventory plans for each store that reflects the customer traffic that the store receives. We will also make display suggestions and to create a number of displays that can be adopted to the needs of particular stores. Sales reps and in-house employees who deal with customers will be carefully trained and will be given wide latitude for insuring that customers are always satisfied.

PRODUCTS/SERVICES

PRODUCT/SERVICE DESCRIPTION

Our underlying philosophy in selecting products has been to choose lines that will bring excitement, surprise and satisfaction to demanding higher end customers. We personally test each individual product. Special attention is giving to ease of assembly, durability, and general overall attraction.

We prefer to choose lines that we can represent exclusively, but because our first priority is on representing top-of-the-line merchandise, we have agreed to take on two leading lines on a non-exclusive basis.

A complete draft copy of our first catalog detailing our initial product lines and products is available upon request.

An important component of our business is not just our products but our service.

These are some of the important service elements we offer:

- Stocking of all products offered in our West Coast warehouse, avoiding long waits to fill orders from overseas
- Detailed advice on inventory planning and sales forecasting for individual stores
- Display fixtures custom built to suit the needs of our customers
- Full returnability for any product defects
- Coordination of co-operative advertising programs with manufacturers

POSITIONING OF PRODUCTS/SERVICES

We intend to position our business not just as a distributor of products, but a partner bringing a high level of service to the stores that we enter into business with.

We will work with stores through merchandise selection and display options to significantly increase the sales and profitability of their kite business. By doing this we expect to develop a strong loyalty among our customers.

SALES AND MARKETING

MARKETING STRATEGY

Our basic marketing strategy is to work with our retailers on a one-to-one basis to develop unique marketing programs for them. Especially because we want to develop close working relationships with our customers we want to establish accounts in as personable a way as possible too. Hence we will overwhelmingly emphasis in-person sales calls to build accounts.

We will closely integrate all of our marketing and sales efforts to project a consistent image of our company and a consistent positioning of our products or services. We will build this image around our name "Rainbow Kites, Inc." and will emphasize to retailers to wonderful color and excitement that a well-done display of top quality kites can add to their store.

While we will attend some trade shows and produce a color catalog, these marketing initiatives are seen as supporting, not competing with our independent sales representatives.

SALES TACTICS

Our primary sales method is face-to-face selling by independent reps A particularly important aspect of our sales process is that we will fly all of our independent reps to our

West Coast office to extensively train them in how product line, in building displays, and in building a bigger kite business for our customers.

We will insist that our independent reps represent only non-competing, non-kite lines.

We will stay in close phone contact with our reps in addition to having sales meetings with them at least four times per year, usually at major trade shows.

We will pay our reps on a "ledger" basis, giving them commission on all sales in their exclusive territories even if the account phoned the order in directly to our main office.

ADVERTISING

We will have a small advertising budget, devoted exclusively to trade publications designed to reach buyers and owners of upscale independent stores. The objective of our trade advertising will be limited to reinforcing the image of our company and the excitement of stocking upscale kites. All ads will be four-color and between 1/4 and 1/8 page in size. Each ad will prominently feature our logo and a bright, colorful, changing display of upscale kites.

We will also work with our retailers to obtain co-op advertising funds for their own local advertising. Currently very little co-op money is being provided by kite manufacturers, but we believe that we can make more funds available especially if we work with a US ad agency to develop effective advertising layouts and copy that our retailers could use.

PUBLICITY

Our publicity effort will be three fold. For one we will send news releases to trade magazines to try to get product or company feature coverage in front of the eyes of retailers. Second we will product a few generic press releases about kites that our retailers can use to try to obtain publicity coverage for their stores in local publications. Third we shall have a quarterly newsletter for retailers that we are currently serving or hope to be serving. We anticipate sending 1,000 copies of the news release out our first year and gradually increasing to 2,000 copies by our third year. In the newsletter we will highlight

not just our products, but also display ideas and success stories of stores who increased their kite sales.

TRADE SHOWS, ET. AL.

We will have a small booth or table top display at four national conventions each year, including the National Toy Show in February in New York, The Toy and Hobby Show in April in Toronto, The International Gift Show in Las Vegas and the West Coast Toy and Gift Fair in May. We will emphasize not just our products but the custom-built displays that we are producing for retailers.

We will also provide limited funds for display space for our independent reps at regional trade shows that they attend. Typically we will pay for one table top display.

OPERATIONS

KEY PERSONNEL

The Company will be managed by the two founding partners, whose individual areas of expertise cover many of the functional aspects of the business. Tom Anderson will serve as the President of the Company, and will be responsible for Product Selection and Sales & Marketing. Nancy Anderson will be the Vice President, in charge of Administration. She will be responsible for customer service, accounting, shipping and the general administration of the business.

Tom Anderson has a long history of experience in the Toy Business and specifically in Kites. For several years he grew the Kite business at Ocean Gifts and Toys in Los Angeles into one of the largest and most profitable exciting in the country. Tom has a many industry contacts and an in-depth knowledge of the kite and toy business. See Tom's resume for further details.

Nancy Anderson directed a staff of twelve as the manager of customer service for LA Selections, a major local jobber of novelty goods. She has also held a wide variety of other inside business and operations positions. See Nancy's resume for further details.

ORGANIZATIONAL STRUCTURE

The organizational structure is very simple. The independent commissioned reps will report to Tom Anderson. And support staff at the office and warehouse will report to Nancy. Because Tom will frequently go on buying trips to the Far East or be on the road selling, Nancy will be able to support any day-to-day needs that the reps may have. However, even when Tom is on the road he will be in constant touch by computer or phone.

PRODUCT/SERVICE DELIVERY

In order to deliver high quality, personalized service we will carefully select all employees--especially sales reps and customer service representatives who deal directly with customers. Tom is currently interviewing candidates for sales reps. We will carefully review references not from past employers or manufacturers but from retailers whom these sales reps have served. We will also make sure that each employee understands our way of delivering quality service to each customer. We will have immediate back-up support available by phone from our office for more difficult service issues. And we will give employees enough latitude so that they can respond immediately to almost all customer requests or complaints, which in this industry usually means granting prompt credit for damaged merchandise.

CUSTOMER SERVICE/SUPPORT

We intend to prioritize customer service and make it a key component of our marketing programs. We believe that providing our customers with what they want, when and how they want it, is the key to repeat business and to word-of-mouth advertising. Not only will we train our employees to deliver excellent service, we will give them the flexibility

to respond creatively to client requests. In addition, we will continually monitor our clients' level of satisfaction with our service through surveys and other convenient feedback opportunities.

Initially we expect to have few enough accounts so that Nancy and one additional employee can handle all customer service issues. Having just one employee to train should help insure that Nancy can help make the new hire a top performer. As our business grows we intend to hire additional customer service people one at a time and pay a premium over market labor rates to attract and retain quality help.

Shipping problems are a huge issue with the firms that we compete with largely because they insist on using surface shipping methods to keep their costs down to charge low prices to keep their mass merchant accounts happy.

We intend to use air freight to import our kites from the Far East. This will add to our costs slightly. But because all of our products are more expensive it makes more sense for us. It will also allow us to have much thinner inventories in our warehouse without risking stocking out.

Our relatively high cost of shipping has put us at a competitive disadvantage. The current cost of shipping for an average order is \$..., which we feel can be reduced by ...%. We intend to achieve this cost reduction by putting our overall shipping requirements out to bid.

FACILITIES

We plan to lease approximately 10,000 square feet of space as soon as our financing is finalized. We have a specific property in mind and have a tentative agreement with the landlord's agent. This building located near LAX airport has 8,500 feet of warehouse space and a small 850 square foot office. The lease rate is \$6.35 per foot triple net for a 2 year lease with the option for two additional years at an increase of 5.9% per year.

The building is located in a busy industrial neighborhood, but because we do not intend to have customers visit us we have decided we are better off with a lower-rent location, than a location that could double as a fancy showroom.

For More information on Business Plans, you may want to get a copy of the book "Adams Streetwise Business Plans" (430 pages, \$17.95, Adams Media Corporation). This book includes complete sample business plans; detailed step by step instructions for writing a business plan; suggested text for each step of the business plan; instructions and worksheets for creating complete financials.

TEN GRANT TIPS

What's the point in having a great idea if you don't have any cash? You need capital to move your business from an idea to reality. One routes that oyu can use ot get the money you need is to look for a business grant. Here are some great tips to getting that grant approved.

- 1) Talk to your local grant agency, local council economic development officer and Business Link to see if there are any grants available in your specific area.
- 2) Work out exactly what you need the money for because grants won't be provided for general running costs, they will support a specific outcome for example premises, training, trademarking etc.
- 3) Grants are often tied to strict selection criteria such as age, gender, ethnicity, unemployment or have a specific purpose such as research and development or innovation. If your idea doesn't fit into it don't try to force it.

- 4) Make personal contact by phone or ideally face to face with the grants officer and don't just send in your application cold. Talk through your proposition with them to check whether your idea is suitable and it is worth applying in the first place.
- 5) Prepare a thorough business plan to bring with it but make sure it stands out from the crowd. Most importantly you will need to present a thought provoking vision, a passionate commitment, clear benefits and robust cash flow forecasts.
- 6) Know that grants are often handed out on a cyclical basis. Research upcoming deadlines and be prepared to wait several months for a decision don't expect a quick answer because it doesn't happen that way.
- 7) For larger amounts of funds, one grant will not usually fund ALL of the proposed costs so you will likely have to find more funding from another source.
- 8) Ask yourself if this business could get off the ground without a grant. Look at alternative sources of finance, such as loans, 0% credit cards, credit unions, friends and family. Funders will want to make sure that there is no chance of you moving ahead without their support.
- 9) Don't stop watching your business process. It's easy to get distracted by the allure of grant money and this can become the focus of your energy rather than building your business.
- 10) Become steadfast because many people convince themselves that the only way to start a business is to raise large sums of money without realising there are other, less conventional routes that can be taken. Think of finding creative ways to support your start-up business until it turns profitable. The key trick here is to start small, start selling and start generating your own cash to fund your business growth.

GRANT CONSULTANTS AND ADVISORS

Grant consultants and advisors are a great resource for helping you get your grant if you need them. They can be frauds too, so it is best to find one with a proven track record. There are a few tips that you should take into consideration before using one, and this section will look at those.

The first point that you will want to realize is that when you apply for public money it is your company and your project that is going to be under the microscope. There can be no better ambassador for your cause than you and/or your friends. Knowing this, common sense says that you are better off if you do it yourself.

However, there are occasions where help can be useful and they can be found in:

a) Identifying Schemes

This is the most difficult aspect of everything that you have to deal with without help, since it is necessary to devote a good deal of time and resource to researching schemes.

It is smart for you to use others to help in the identification process because in order to subscribe to a reputable information service which is easy to find on an on-going basis so you can always check on the current and up to date situation as and when different potential projects arise in your business.

b) Applying for Grants

If you are applying for a very large grant and the awarding body is particularly rare and bureaucratic, or the information required needs a technical expertise you do not have, then it can help to appoint a consultant. In most circumstances, however, the cost of consultancy will probably outweigh its usefulness.

The history of grants consultancy is not a good one in general. Many so-called experts have proved to be nothing more than opportunists who make false promises just so that they take fees from clients who have been ultimately left with nothing but a failed grant application.

If you do decide to appoint consultants or advisers check their track record and verify their claims before you make a binding commitment with them.

WHAT TO EXPECT--SAMPLE GRANT APPLICATION

When you are looking to get the application for your business grant, you will likely be a bit nervous about what it will contain. The applications themselves are simple enough. It is mostly the business plan or proposal that is going to be difficult. Below you will find a sample business grant application that was located at:

<http://72.14.203.104/search?q=cache:7nDdOI5dmqEJ:www.nwabor.org/edc/grant.doc+sample+business+grant+application&hl=en&gl=ca&ct=clnk&cd=15>

Small Business Grant Application

Grants of up to \$1,500 are available for payments to suppliers of tools, equipment, business supplies, training and licenses as well as services such as construction, repair or renovation of facilities that are necessary to start or expand a business. No grants will be payable directly to a grantee.

1. Applicant name, address and phone contact:
2. Type of Business (such as retail store, repair shop, or arts and crafts):
3. Expenses for which you are requesting grant funds. Please list what you intend to purchase for your business and from whom you intend to make that purchase. You must attach an invoice to document each expense.
4. Required Attachments:

A completed BUSINESS PLAN form.

A supportive resolution from your Traditional IRA or city council (sample resolution included) OR three letters of support from non-related, adult residents of your village

PLEASE MAIL YOUR COMPLETED APPLICATION AND ATTACHMENTS TO NORTHWEST ARCTIC ECONOMIC DEVELOPMENT COMMISSION, P.O. BOX 2210, FITSVILLE, ALASKA 99752. NO FAXES ACCEPTED. QUESTIONS MAY BE REFERRED TO GRANT GUY, EDC DIRECTOR, AT PHONE NUMER .

Your Business Plan

Please describe the business you plan to start or already operate.

Will your product or service be competitive based on its quality, selection, price and location? Please explain.

Do you know what licenses and permits you may need to operate your business? Have you acquired the necessary licenses and permits?

Describe the location from which you will operate your business.

List the training or experience you have had that will help you run this business.

What is your proposed inventory list of supplies and/or merchandise you will purchase?

Have you located a reliable source of the supplies or merchandise?

Are you prepared to maintain a complete record of sales, income and expenses, accounts payable and receivables? And how will you do so?

AVOID GRANT SCAMS

The very idea of all of the ads that tell you that they have free grants to offer sounds too good to be true, and the fact is that in some ways it is. The ads claim that you will qualify to receive a grant for your business. They say your application is guaranteed to be accepted, and you never have to repay the money.

There is of course a catch that they don't mention. The Federal Trade Commission (FTC), the nation's consumer protection agency, warns you that money for nothing grant offers often are a scam: the grant isn't free, it isn't guaranteed, and often, it isn't even available to you.

Some people actually market free grants in classified ads, which begin by inviting consumers to call a toll-free number. If you call, a representative of the company will ask you some basic questions to determine if you qualify to receive a grant, and some of these questions include:

1. What's your address?
2. How long have you lived at this address?
3. Do you have a bank account?
4. Do you have at least \$200 in your account at this time?

Next thing you know you are being asked to hold on the line while your eligibility is determined. After she congratulates you on your eligibility, she will ask you to pay a one-time processing fee that can range from anywhere from \$100 to \$300.

If you question this fee, you will then be reassured that you that the grant is guaranteed, and that if you're not COMPLETELY satisfied with your grant, you'll get a refund. However, she won't offer to tell you all the conditions for a refund.

The processing fee is said to cover finding a grant source and sending you the appropriate application package in the mail. However, you won't receive an application or a source. What you will get is a list of agencies and foundations to which you must write and request an application. This information is available for free at any public library or on the Internet.

Most sources of grant money don't give grants to individuals for personal need. Grants usually are given to serve a community good, such as bringing new jobs to an area, training young people, preserving a bit of history, funding soup kitchens or art museums, or researching medical issues.

If you ask an agency or foundation for money for personal reasons, you probably won't get it, even if you are financially needy. You are also not likely to get a refund from the grant broker because the conditions for a refund are nearly impossible to meet: you usually have to apply and be denied by each person on the list within 90 days.

If you're thinking about applying for a business grant, you need to remember that the applications are available to you for free and that anyone who guarantees you a grant is likely to be interested in their own gain, and definitely not yours. If you think you may have been a victim of a grant scam, file a complaint with the FTC.

The FTC works for the consumer to prevent fraud, deceptive and unfair business practices in the marketplace and to provide you with information to help you see, stop, and avoid them.

If you want to file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.

The FTC will participate against Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

PROPOSAL WRITING TIPS

The fact of the matter is that you can't avoid writing your proposal. It helps to have some helpful hints that can make the process easier. This is not like writing the proposal, it is more like guidelines that can be used in order to ensure that you follow the entire application process to the letter. The proposal is just one step. You actually have to follow an application procedure. This section will give you some good hints as to how to do that. Let's look at these hints now.

READ AND FOLLOW THE INSTRUCTIONS

Government announcements are extremely serious and should be taken that way. Government funding for research purposes is a privilege, not a right. The dates are firm and cannot be changed for any reason; the required forms are necessary; the signatures are necessary. Read the rules and save yourself a lot of irritation later because without following the instructions to the letter, you will not get approved.

WRITE CLEARLY

You have to remember that reviewers tend to correlate bad prose with bad science. This means that if you write badly, you will not be taken seriously. Who would invest their money in a person who seems oblivious to reading and writing?

HAVE SOMEONE REVIEW YOUR PROPOSAL

You will miss the obvious problems in your proposal because you are too close to them. It is better to have someone that you trust to review your proposal so that you can get an objective opinion.

SPELL AND GRAMMAR CHECK IT

This rule should be obvious, but we create an incredible number of misspelled documents without even thinking about it. Remember that reviewers have a tendency to correlate bad spelling with bad investments.

CLEARLY EXPLAIN WHAT YOU PROPOSE

You have to remember that the reviewer is not inside your head. What you intend to do with the money has to be as clear as possible to them as it is clear as crystal to you. Have someone you trust review your proposal for clarity. The harder a reviewer has to work to understand your proposal, the more annoyed they are going to get. Annoyance is not going to work in your favor.

KEEP YOUR EYE ON THE BIG PICTURE

This means that you have to place your work in the larger context of your field. You need to be able to look ahead and then project what you see to the grant agency.

BE CHARMING

Don't write a grant with an attitude problem. It is an interesting fact of getting on the reviewer's nerves rarely a good idea. You want the reviewer to think of you as a honest person that they can trust to do right by their money. You should really think of it as a job interview in that you have to show your best foot every time you speak to people.

USE AN EASY TO READ FONT

This is an easy thing to do. If your work is so important that you need to use teeny fonts in order to get all the information within the page limit, then you are seen as writing with an attitude. Reviewers are annoyed when they need to use a magnifying glass to look right into you.

BASIC HINTS TO KEEP IN MIND:

- Keep your text as short as possible. Long sentences will do nothing to help you so keep it brief.

- Clearly state the problem with your finances and your solution. You want to anticipate the questions that you will be asked and answer them.
- Credit other people in the field where this would fit. Do not take credit for someone else's ideas.
- Do not leave out important information (e.g. budget justifications, vitae, etc) Doing this will make things much more complicated.
- Do not inflate the budget to get more money because they will expect this and look for it.
- Visit your own grants office to help ensure that all required forms are prepared before the proposal is sent to the Government.

Summary

If you are looking to open a business of your very own, you are not alone. Every year more and more people make the decision to stop working to make other people rich and to start their own businesses. For most of them, having the start-up capital that is needed is harder than one might think.

Small business grants are often a hot topic with new business people with a small amount of money and access to capital. We have all seen the many media claims about "Free Government Grant for Small Business." It seems all too easy to get these days.

Of course, if it were really that easy, all you would have to do is find a government small business grant to apply for, apply and before you knew it you would have the money to grow your business.

Most U.S. government departments, like the Department of Commerce, do not provide any grants for help in starting a small business. Grant programs are available through state programs and other groups as well. The grant programs are often awarded to people in fields such as medicine or education, and they all have specific eligibility criteria.

The process of finding a small business grant program to apply for and reviewing the requirements to getting is very time consuming. After conducting a two-week search for a medical publisher, I found the requirements to be very specific and difficult to meet.

Eligibility can be based on your location, and your business' sales revenue to the application date, years in business, sex, race, and even for the purpose of funding.

If you want to take a look at the small business grants available, the best place to start is the Catalog of Federal Domestic Assistance (CFDA). The CFDA lists thousands of grants from all government agencies for free. Many business grants will be geared towards minority business development or rural business opportunity grants. Do not overlook the other assistance programs available such as equipment and training.

If you do find a small business grant program that is available for your business, you will need to be ready to go through a lengthy, approval process. With today's funding cutbacks and the high amount of competition you will want to be prepared for it by following these quick tips:

If you find that you are willing to go through the steps that will be needed in order for you to get your grant, then this will be your comprehensive guide to making it happen. After this book you will be fully equipped to not just applying for, but getting the grant that you need.

In this guide you have learned to:

- look for grant programs to suit your needs

- apply for them properly
- writing a business plan
- talking to a consultant
- what to avoid
- special tips

you have learned everything that you need to know in order for you to get the grant of your choice. All you have to do now is apply for it.