



CFGB SMALL BUSINESS IMPACT GRANT: REQUEST FOR PROPOSALS

The Community Foundation of Greater Birmingham (CFGB) is pleased to announce the CFGB Small Business Impact Grant. This grant, made possible by donors to the Catalyst Fund at the Foundation, will support Community Development Finance Institutions (CDFIs) and other community-based lenders in growing small, underserved businesses, with a particular focus on Black-owned businesses. The foundation will select applications through this competitive Request for Proposals (RFP). See below for information on how to apply.

Introduction / Background

The CFGB Small Business Impact Grant is designed to help grow and support small businesses in the Greater Birmingham region. The grant has a focus on Black-owned businesses. As the Brookings Institution notes, 'Jefferson County is 43 percent African American, but only 4.2 percent of African Americans own businesses. This gap undermines overall business growth.' More broadly, this funding may support any business owners who are underserved and face structural barriers to success, including people of color, women, lower-income individuals, people with disabilities, and others. Though these businesses struggle to access capital from traditional sources, they are critical to providing jobs, creating neighborhood vibrancy, and supporting economic recovery in communities across the country.

For decades, CDFIs and other community-based lenders have played an important role in delivering capital and providing hands-on advisory services and technical assistance businesses need to start, grow, and scale. We plan to deploy these grant dollars to strengthen the CDFI and community lender landscape and support our small business ecosystem. Recognizing their knowledge, strength, and commitment to supporting our region's entrepreneurs, the Small Business Impact Grant offers these organizations the opportunity to receive a grant of **up to \$250,000**. These funds can provide creative capital and in-depth technical assistance to reach a wider spectrum of small businesses currently not being served. We understand that community-based lenders are best positioned to help close the lending gap for Black-owned businesses and other small, underserved businesses. These grant funds may be used in several ways, with a goal of promoting flexibility, innovation, and creativity.

Program Scope

Desired Outcomes

The Small Business Impact Grant will provide capital and targeted technical assistance/advisory services to accelerate the growth of small, underserved businesses, with priority given to Black-owned businesses poised for growth.

Outcomes:

- Increase the capacity of CDFIs and similar lenders to meet the needs of underserved, under-resourced small businesses in the Greater Birmingham region by providing more flexible, patient capital and targeted technical assistance and advisory services.

- Increase the financial health and growth of small businesses by deploying these resources.
- Inform and inspire investors by demonstrating the power of catalytic capital to unlock impact and greater investment across diverse businesses.

Business Eligibility

Businesses supported by grantees must be for-profit entities located within the Greater Birmingham region and must fit within the Small Business Administration's definition of small businesses: <https://www.sba.gov/federal-contracting/contracting-guide/size-standards>

While we choose to use terms like 'under-resourced' and 'underserved' over 'disadvantaged', we encourage applicants to use the federal disadvantaged business enterprise (DBE) definition as a guide for which small businesses may be supported with this funding: <https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/definition-disadvantaged-business-enterprise>.

The grant may be used to support to a variety of business types, including start-ups and sole proprietorships. There are no limitations regarding business type, industry, revenue, or number of employees. We hope to empower lenders to expand or adjust their underwriting requirements, as needed and within the confines of their loan policies.

While we have tried to minimize restrictions, we seek to incentivize certain factors. Applicants are encouraged to focus in their proposals on supporting businesses that fit the following parameters:

1. Business is positioned to grow. Could include net profit growth, revenue growth, job growth, or other measures of growth appropriate to the goals of the business. We do not assume, for example, that adding employees is desirable or prudent for every business.
2. Business fits the federal DBE definition as noted above or can otherwise show they are underserved and face structural barriers to business success. Weight will be given to proposals that focus on supporting Black-owned businesses.
3. Business demonstrates a need for further technical assistance/advisory services and more flexible capital that are currently unmet.

Grant Components

The Small Business Impact Grant has three components:

- 1) A portion of each grant should provide flexible capital for small, underserved businesses.
- 2) A portion of each grant should be used to enhance or expand the current offering of one-on-one technical assistance and business advisory services that match the needs of the business and will aid in business growth.
- 3) Each awardee will receive grant funds of \$10,000 above their primary request to cover operational costs of implementing this program.

Capital

This grant provides lenders the flexibility to adjust products and increase support to small businesses and entrepreneurs that may not fit existing small business financing parameters. Our goal is to support CDFIs and other community lenders in expanding or supplementing your current lending practices to include businesses that would usually not be eligible, but that exhibit promise and a need for additional support.

Possible uses of the capital portion of the grant include, but are not limited to, direct lending capital, loan loss reserves, interest rate buydown, subordinated debt, companion grants, etc. **These examples are meant to be suggestive and not limiting. CFGB encourages applicants to propose other creative, innovative uses of capital.**

Technical Assistance / Advisory Services

The Small Business Impact Grant is designed to combine capital with the needed training, education, and support to maximize the impact of that capital. By using outside consultants and/or in-house providers, this pool of funding will support technical assistance and advisory services tailored to the (primarily post-loan) needs of the small businesses receiving capital through this program.

Grantees will be asked to ensure businesses accessing capital are prepared to optimize their use of those funds. Since most lenders already take a hands-on approach with their small business clients, applicants should describe how additional funds will be used to strengthen or expand technical assistance and/or advisory services to businesses within the Small Business Impact Grant portfolio. **Priority will be given to proposals that include creative, value-added technical assistance and/or advisory services that go beyond preparing businesses for a loan to positioning them for growth.** We understand that this may be beyond some CDFIs' usual technical assistance scope and we encourage partnership with other consultants.

Possible examples of technical assistance and advisory services include but are not limited to the following. CFGB encourages applicants to propose other creative, innovative forms of technical assistance and advisory services.

- **Strategic Planning:** Succession planning, mentoring/coaching, cash and debt management, implementing/upgrading accounting standards, data and documentation, operations and risk assessment, inventory and supply chain management, local market evaluation, and/or loaned executive
- **Financial Services:** Separation of accounts, accounting, payroll, benefits, administrative; building credit (both personal and business); financial management capabilities including cash flow management and tracking financials; planning the trajectory of revenues and profit; help in identifying and completing applications for financial assistance programs, preparing financial documentation, referrals to lenders/other funders
- **Human Resources:** Hiring and staffing, employee safety, compliance with federal and/or local employment laws (paid sick leave, minimum wage, etc.), help in completing benefits, relief and/or tax forms
- **Technology Solutions:** Broadband and computer access, e-commerce platforms, systems networking and remote office set-up, backup/redundancy disaster planning, cyber security, accounting software implementation, POS software implementation
- **Legal:** Compliance, contracts, lease review/negotiation, licensing, regulation/permits, buying/selling a business, payment disruptions/delays and collections, employment laws
- **Marketing and Communications:** Market and customer analysis, competitive analysis, digital, social, and community media, industry partnerships and referrals, brand/identity development, collateral design, direct marketing assistance, earned media/press/PR planning, merchandising, signage/display development
- **Real Estate and Property Services:** Lease negotiation, relocation assistance, site acquisition, regulatory support, provision of office, work or community space
- **Other:** Other creative options as proposed by applicant

Other Information

Applicant Eligibility

To apply for this grant, organizations must meet the following eligibility requirements:

1. Have current tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code
2. Have a current presence in and serve businesses based in Blount, Jefferson, St. Clair, Shelby, and/or Walker Counties
3. Have a mission to serve low- and moderate-income individuals, businesses, and/or communities
4. Have a current or recent portfolio of small businesses that fall within the criteria outlined above in the Eligible Businesses section
5. Have three (3) years of audited financial statements
6. Be a U.S. Department of the Treasury-certified CDFI or have a minimum two-year track record of lending to small businesses

Selection Criteria

For organizations meeting eligibility requirements, there are two key factors that will be considered when evaluating applicants: 1) strategy and 2) financial capacity. Submitted proposals will be evaluated for demonstrated preparation, progress, and readiness to implement their selected strategy using the following selection criteria:

- **A compelling strategy to increase lending to small, underserved businesses.**
 - Compelling strategies will be comprehensive, leverage other resources, and result in meaningful and measurable impact and change.
 - Compelling strategies may have elements of innovation (in delivery of financing, technical assistance, outreach, marketing, etc.), scalability, and replicability.
 - Strategies should include specific and credible projected outcomes and an articulation of overall community impact over a three-year period.
- **Acceptable financial performance in terms of capital adequacy, assets, management capability, earnings, and liquidity.**
 - To assess each applicant's current financial position and performance within our region, applicants will be asked to provide current and/or interim financial statements (audited if available) and data as outlined within the attached workbook.

Priority consideration will be given to applicants that:

1. Focus on supporting prioritized small businesses as noted in 'business eligibility' section above.
2. Demonstrate innovative, creative approaches that do not already exist in our region and meet critical business needs.
3. Demonstrate cooperation with other lenders, technical assistance providers, and/or other small business support organizations.
4. Incorporate a focus on business growth in plans for technical assistance and advisory services.
5. Demonstrate that the funds from this grant will be repaid, recycled, or otherwise show long-term impact on small business financial health and growth.

Metrics

Below is a list of priority metrics that applicants should include in their evaluation plans. If it is not feasible to collect data on any of these metrics, applicants should indicate the reason. Applicants may include additional metrics as they see fit.

CDFIs and other community lenders

- Additional capital created through leveraging
- Expanded options for small business capital
- Expanded options for small business technical assistance / advisory services
- Programs sustained beyond term of grant
- Increased lending volume

Businesses served

- Net profit (or net margin)
- Revenue growth
- Employee growth (if appropriate to business)
- Loan repayment
- Creditworthiness / credit score
- Follow-on investment
- Businesses receiving DBE certification or other small business certification

Funding Available

Applicants may apply for **up to \$250,000** in grant funding. A \$10,000 grant for operational costs is additional and should not be included in the request amount. *Grants will be awarded in two installments, with the second installment following the first progress report from grantees.*