



CPA Info # 133

January 2007

## Where to Go for Money: *Grants, Loans, and Helpful Information*

Benjamin Sanders  
Extension Specialist

---

### Grants

#### Introduction<sup>1</sup>

It is a common misconception that there is a grant available for everything and the only requirement to is to sign up and receive money. This statement tends to be misleading for many entrepreneurs. Most grants require a significant amount of investment in a written proposal for very specific projects. Additionally, there are literally thousands of grants available, but many are restricted to non-profits, governments, cooperatives, non-food, research, education, etc. etc. etc.

#### Grant Programs

While there is a prodigious list of grant programs available, only a handful is pertinent to value-added agricultural entrepreneurs. The following is a list of several granting programs which may be useful for value-added enterprises.

1. **SBIR:** On potential grant opportunity for agribusiness entrepreneurs to consider is the USDA Small Business Innovation Research (SBIR) program. Information can be found at:

SBIR Program  
Dr. Charlest Cleland, Director  
1400 Independence Avenue SW  
Washington , DC 20250-2243  
Phone: 202.401.4002  
Fax: 202.104.6070  
E-mail: [ccleland@csrees.usda.gov](mailto:ccleland@csrees.usda.gov)  
Website: [www.screes.usda.gov/fo/fundview.cfm?forum=1220](http://www.screes.usda.gov/fo/fundview.cfm?forum=1220)

2. **SARE:** Another grant opportunity for value-added enterprises is from the Sustainable Agriculture Research and Education (SARE) program. Information can be found at:

SARE Program  
Dr. John Mayne, Assistant Director  
1109 Experiment St.  
Room 205, Stuckey Building  
University of Georgia Agricultural Experiment Station  
Griffin, GA 30223-1797  
Phone: 828.664.9242

---

<sup>1</sup> Adapted from *Information on Obtaining Investors and Credit*, Rob Holland, The University of Tennessee Extension. ADC Info Sheet # 38. July 1999.

Fax: 770.412.4789  
E-mail: [jmayne@uga.edu](mailto:jmayne@uga.edu)  
Website: [www.southernsare.uga.edu](http://www.southernsare.uga.edu)

3. **USDA Value-Added Producer Grants:** The USDA Value-added producer grants can offer significant grant opportunities to individuals or cooperatives endeavoring in value-added agriculture. Information can be found through:  
USDA Rural Development  
Dan Beasley, Business Program Director  
3322 West End Ave., Suite 300  
Nashville, TN 37203  
Phone: 615.783.1341  
E-mail: [dan.beasley@tn.usda.gov](mailto:dan.beasley@tn.usda.gov)  
Website: <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>
  
4. **Tennessee Producer Diversification Cost Share Program:** The Tennessee Department of Agriculture offers the Producer Diversification Cost Share Program to producers interested in expanding their operation through new and diverse endeavors, including value-added project. More information can be found through:  
Tennessee Department of Agriculture  
Jan Keyser, Ag Growth Initiative Coordinator  
P.O. Box 40627  
Nashville, TN 37204  
Phone: 615.837.5346  
Fax: 615.837.5194  
E-mail: [ag.Growth@state.tn.us](mailto:ag.Growth@state.tn.us)  
Website: [www.tennessee.gov/agriculture/enhancement/growth.html](http://www.tennessee.gov/agriculture/enhancement/growth.html)

### **Helpful Information**

The best way to seek financing is with sound information and a solid, well-composed business plan. Below are several entities that can assist entrepreneurs in the necessary planning to seek financing.

1. **Rural Information Center:** The Rural Information Center (RIC) is a joint project of the USDA Cooperative State Research, Education and Extension Service and the National Agricultural Library. The RIC provides information and referral services to local government officials, community organizations, health professionals and organizations, cooperatives, libraries, businesses and rural citizens working to maintain the vitality of America's rural areas. Services offered by the RIC include:
  - **Providing** customized information products to specific inquiries including assistance in economic revitalization issues; local government planning projects; rural health topics; funding sources; technical assistance programs; research studies; and other related issues.
  - **Processing** a broad array of general and funding information requests on such topics as:
    - i. Successful strategies, models, and case studies of community development projects
    - ii. Small business attraction, retention, and expansion

- iii. Tourism promotion and development
- iv. Recycling programs
- v. Community water quality
- vi. Technology transfer to rural areas
- vii. Agricultural health and safety
- viii. Health programs and services

- **Referring** users to organizations or experts in the field who can provide additional information.
- **Performing** brief literature searches on computerized databases of requested topics on a complimentary basis or exhaustive searches on a cost recovery basis.
- **Furnishing** bibliographies and Rural Information Center Publication Series titles.
- **Identifying** current USDA research and Cooperative Extension System programs.
- **Assisting** users in accessing the National Agricultural Library's extensive collection.

More information on the RIC can be found at:

Rural Information Center  
National Agricultural Library  
10301 Baltimore Avenue, Room 132  
Beltsville, MD 20705-2351  
Phone: 1.800.633.7701  
Fax: 1.800.633.7701  
Website: [www.nal.usda.gov/ric](http://www.nal.usda.gov/ric)

2. **SCORE:** The SCORE Association (Service Corps of Retired Executives) is a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small business nationwide. SCORE is a resource partner with the Small Business Administration (SBA). SCORE Association volunteers serve as "Counselors to America's Small Business." Working and retired executives and business owners donate their time and expertise as volunteer business counselors and provide confidential counseling and mentoring free of charge.

With more than 12,000 volunteer business counselors, SCORE provides small business mentoring and advice on a full range of business topics. You can find SCORE in your local community to meet with a SCORE counselor face-to-face or use Get Email Counseling—to receive free and confidential business advice. SCORE business counselors are well-versed in how to develop effective business plans and create strategies for business growth—they are here to help you set your course for success. SCORE counselors allow you to meet face-to-face with a business expert, with experience owning or operating a business. SCORE members may also counsel in teams, with each counselor bringing a specific strength to the table. Counselors may be available to visit you at your place of business, making them better able learn more about your venture and your concerns. The web site for the national SCORE program can be found

at:<http://www.score.org/>. There are five SCORE chapters across the state. Contact information for each of the chapters is listed below:

- i. **Memphis SCORE**  
5100 Poplar Avenue, Suite 1701  
Memphis, TN 38137  
Phone: 901.544.3588  
Fax: 901.544.0557  
E-mail:[score@midsouth.rr.com](mailto:score@midsouth.rr.com)
- ii. **Nashville SCORE**  
50 Vantage Way, Suite 201  
Nashville, TN 37228  
Phone: 615.736.7621
- iii. **Chattanooga SCORE**  
Franklin Building  
5726 Marlin Road, Suite 515  
Chattanooga, TN 37411  
Phone: 423.553.1722  
Fax: 423.553.1724  
E-mail:[score.cha.tn@comcast.net](mailto:score.cha.tn@comcast.net)
- iv. **Greater Knoxville SCORE**  
412 North Cedar Bluff Road, Suite 450  
Knoxville, TN 37923  
Phone: 865.692.0716  
Fax: 865.692.0718  
E-mail:[scoremail@scoreknox.org](mailto:scoremail@scoreknox.org)
- v. **Northeast Tennessee SCORE**  
Amsouth Bank Building  
208 Sunset Drive, Suite 507  
Johnson City, TN 37604  
Phone: 423.461.8051  
Fax: 423.461.8053  
E-mail:[scoretn@wireco.net](mailto:scoretn@wireco.net)

3. **Tennessee Small Business Development Center:** The Tennessee Small Business Development Center (TSBDC) may be able to provide assistance in planning for and identifying/obtaining investors. Each year more than 4,000 Tennessee business men and women from every industry imaginable put TSBDC counselors on their team. The Service Centers and Affiliate Offices assist business owners and managers provide counseling for management and technical business problems and issue such as:

- Private Sector and Government Procurement
- Sales/Marketing/Promotions/Public Relations
- Business Location Analysis
- Record keeping/Accounting

- Work Flow Analysis
- Business Planning
- Financial Planning
- Sources of Capital
- Market Expansion
- Tax Planning
- Plant Layout

The TSBDC is partially funded under Cooperative Agreement No.8-7620-0045-15 by the U.S. Small Business Administration in partnership with The University of Memphis. There are twelve TSBDC service centers across the state. More information and contact information for each of the service centers can be found at:

**TSBDC Lead Center**

Middle Tennessee State University  
 P.O. Box 98  
 Murfreesboro, TN 37132  
 Phone: 615.849.9999  
 Website: [www.tsbdc.memphis.edu](http://www.tsbdc.memphis.edu)

**Loans**

A number of loan, and loan assistance, programs are applicable and available for value-added agriculture entrepreneurs. The following are programs for emerging, start-up, and small-business enterprises. Other, unlisted sources of loans can include commercial banks, private lending entities, or personal investors.

1. **SBA:** One of the best loan programs for small businesses is through the Small Business Administration (SBA). Whether or not a business will qualify for a SBA loan depends on a number of business-related factors. Broad guidelines established by the SBA identify who may be eligible for SBA loans. The SBA defines a small business as one that:
  - a. is independently owned and operated,
  - b. is not dominant in its field, and
  - c. meets SBA employment and sales standards.

According to the SBA, as many as 98% of all U.S. businesses fit this size standard. Information concerning some of SBA's loan programs, forms, and fact sheets can be obtained by contact the state SBA office at:

1. Small Business Administration
2. W. Clint Smith, District Director
3. 50 Vantage Way, Suite 201
4. Nashville, TN 37228
5. Phone: 615.736.5881
6. Fax: 615.736.2499
7. Website: [www.sba.gov](http://www.sba.gov)

2. **Small Business Investment Corporations:** Small business investment companies (SBICs) supply equity capital, long-term loans and management assistance to qualifying small businesses. They are privately owned and operated.

These investment businesses use their own capital as well as funds borrowed from the U.S. Small Business Administration. While they are profit-seeking enterprises, SBICs select small businesses to be financed within the rules and regulation set by the SBA. Therefore, only firms defined by the SBA as "small businesses" are eligible for SBIC financing. The SBA recommends that small businesses looking for SBIC financing first identify SBICs that may be interested in their particular company. The following list may be used to find SBICs in Tennessee who invest in your type of business. Once a list of companies that fit the financing needs of your business has been identified and researched, they should be contacted to find out what materials they require regarding your project. Some companies may prefer a full business plan, while others may first want to see an executive summary or your business prospectus. Regardless of the information required, the entrepreneur should be cautious in the amount of information disclosed. Below is a list of SBICs in Tennessee.

Commerce Capital, L.P.

Andrew Higgins, President  
5115 Maryland Way, Suite 304  
Brentwood, TN 37027  
Phone: 615.244.1432  
Fax: 615.242.1407  
Email: [billiep@commercecap.com](mailto:billiep@commercecap.com)  
Preferred Investment Size: \$800,000 to \$2,500,000  
Capital Provided: *Debt w/Warrants*  
Funding Preference: *Expansion, Acquisition, MBO*  
Industry Sector Preference: *Healthcare, Telecommunications, Environmental, Manufacturing*  
Geographic Preference: *Southeast, Midwest*

Delta Venture Partners I, L.P.

Donald L. Mundie, Contact  
8000 Centerview Parkway, Suite 100  
Cordova, TN 38018  
Phone: 901.755.0949  
Fax: 901.755.0436  
Email: [yearwood@deltacapital.com](mailto:yearwood@deltacapital.com)

FCA Venture Partners III SBIC, L.P.

Stuart C. McWhorter, Contact  
113 Seaboard Lane, Suite A-250  
Franklin, TN 37067  
Phone: 615.320.3070  
Fax: 615.320.0224  
Email: [mcwhorters@claytonassociates.com](mailto:mcwhorters@claytonassociates.com)

Morgan Keegan Mezzanine Fund, L.P.

William J. Nutter, Contact  
30 Burton Hills Blvd., Suite 500  
Nashville, TN 37215  
Phone: 615.665.3636  
Fax: 615.665.3670  
Email: [bill.nutter@morgankeegan.com](mailto:bill.nutter@morgankeegan.com)  
Preferred Investment Size: \$2,000,000 to \$5,000,000  
Capital Provided: *Subordinated Debt, Equity, Loans*  
Funding Preference: *Expansion, Late Stage, MBO, LBO, Acquisition*  
Industry Sector Preference: *Healthcare, Manufacturing, Service*  
Geographic Preference: *Southeast, Mid-Atlantic, Midwest, Southwest*

Petra Growth Fund, L.P.

Michael Blackburn, Contact  
172 Second Avenue North, Suite 112  
Nashville, TN 37201  
Phone: 615.313.5997  
Fax: 615.313.5990  
Email: [ras@petracapital.com](mailto:ras@petracapital.com)

Pharos Capital Partners II, L.P.  
Kneeland Youngblood, Contact  
1 Burton Hills Boulevard, Suite 180  
Nashville, TN 37215  
Phone: 615.234.5522  
Fax: 615.263.0234  
Email: [jgoldberg@pharosfunds.com](mailto:jgoldberg@pharosfunds.com)

Valley Capital Corp. (SSBIC)  
Lamar J. Partridge, President  
535 Chestnut Street, Suite 368  
P.O. Box 11086  
Chattanooga, TN 37402  
Phone: 423.265.1557  
Fax: 423.265.1588  
Email: [ValleyCapital@aol.com](mailto:ValleyCapital@aol.com)  
Preferred Investment Size: \$100,000 to \$200,000  
Capital Provided: *Loans, Equity*  
Funding Preference: *Early Stage, Expansion, Later Stage*  
Industry Sector Preference: *Diversified, Communications, Health Care, Wholesale Distribution*  
Geographic Preference: *Southeast*

West Tennessee Venture Capital Corporation  
Frank Banks, President  
5 North Third Street  
Memphis, TN 38103  
Phone: 901.522.9237  
Fax: 901.527.6091  
Email: [fjbanks@aol.com](mailto:fjbanks@aol.com)