

Dos and don'ts for obtaining government funding for your business



Recently my firm reached out to multiple senior government officials and asked them to provide us with their observations on how best to obtain government funding. Here's what they told us.

Before applying for government funds, understand the specific purpose of the program that you think you're eligible for. On the fund's website, start with the original "Ministerial Announcement" which describes the program and why it was created. Next, look at the various press releases. Also review the Q & A section. Hopefully these companies have a lot in common with yours.

Government funding is not for companies experiencing financial difficulties. With rare and occasional broad industry funding (think of the auto sector loans a few years back in Ontario), government funding often requires a 50-50 cost sharing component – which for companies already experiencing financial difficulties is often a non-starter. (The exception sometimes being young entrepreneurs, or other targeted socio/economic groups).

One of the best tips that I was reminded of, began with "communicate with us [the government] as you prepare your application." Every funding program has assigned personnel. To these personnel, you're the customer. Their jobs depend on the success of the program – and that means you! Furthermore, if you're looking for funding that you know is an important priority of the government in power, and you live in a riding where the MP is a member of that party, call him or her. If the MP likes the project, you now have a powerful ally on your side.

When you're ready to apply, make sure you write clearly and define your value proposition. Avoid buzzwords or acronyms that you don't first define. Be realistic and honest about why your product, service, technology or project, deserves public funding. Most government grant evaluators are generalists. So not only do you need to tell them what you're using the funds for, but what the successful conclusion will produce, why you will be good at developing it, and why society needs it. One item that all governments look favourably on is if you intend to hire more people or provide more training for people.

As you prepare your application for funding, you need to think about how to execute the project when the funds are awarded. Almost all government grants come with a timeline within which you need to spend those funds. If you can't run the project with your existing staffing levels, or you need to add people, sooner is better than later. Likewise, if you need to purchase or lease equipment short-term to perform the project, start talking to vendors right away. You don't want to waste months trying to gear up for a 12-month project when you have a 12-month deadline to complete it.

One of the biggest mistakes that companies make is not being realistic about the funding requirements for a project. So, always be realistic with your proposed costs – don't "dream up" figures or try to "shoot high." Include only what you're realistically going to spend. As I always explain to my clients, your relationship with the government lasts much longer than this single project. If you ask for

20% more funds than you eventually use, then government reps will make two assumptions: First, you've deprived them of providing that 20% to another worthy applicant; and second, they may think "this company doesn't know how to budget" – and may even reduce funding for your next application.

Before you apply for government funding, ask these questions:

1. Is the business more than two years old?
2. Is the business profitable?
3. Is the ownership 29 years old or younger?
4. Is your client part of a socio / economic minority?
5. Is your client located in a rural area or economically challenged area?
6. Is the client manufacturing in Canada?

If you answered yes to any one of these, there's probably a grant available for you. One last point, the majority of funding programs ask for a 5-year plan. If you don't have a professional-looking business plan, now is the time to put it together. The banks, plus many governmental agencies, provide templates on their websites that should give you a jump start. Happy hunting!



Elliot Schiller is a Director at Toronto's Teeger Schiller Inc., a firm specializing in government funding and systems selection / implementation. His clients receive over \$5 million annually to support ongoing business innovation.

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David Teeger

Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



Elliot Schiller

Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.

As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



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