

Module 2 - Funding Sources Available to Rural Grocery Stores

To get a rural grocery store up and running most entrepreneurs will need to source funding either in the form of loans (mostly) or grants (hopefully). There are a variety of organizations and individuals worth contacting to find out what may be available at any given time. Some of the programs are ongoing while others have specific timeframes in which application must be made. Most grant programs fall into this latter category.

Below we have listed several of the organizations to be contacted, with a brief description of each. As they say, it does not cost anything to ask.

USDA (United States Department of Agriculture)

The USDA has a variety of programs that may be available at any given time and is a great place to start. The Business and Industry (B&I) Loan Guarantee program has been a long-standing option for businesses looking to locate in a rural area. Other programs for business start-ups and expansion will be available through the USDA, but these may have specific timeframes for application and will change from year to year depending upon available funds and economic trends.

(<https://www.rd.usda.gov/programs-services/business-programs>)

SBDC (Small Business Development Center)

Counselors for the SBDC are generally in the know when it comes to state or local funding programs. With more than 1,000 SBDC Offices operating in all 50 states, this service is available to all Americans. At the SBDC website you can enter your zip code and be connected to the office nearest you.

(<https://americassbdc.org/>)

SBA (Small Business Administration)

According to its website, the SBA 'provides counseling, capital and contracting expertise' (U.S. Small Business Administration, n.d.) to assist small businesses throughout the US. The SBA can assist an entrepreneur in determining the best organizational setup (sole proprietorship, LLC, etc.). Additionally, the SBA has several loan programs that may assist in startup or expansion if certain criteria are met.

([Small Business Administration \(sba.gov\)](http://Small Business Administration (sba.gov)))

State Level Economic Development Agencies

Most, if not all, states have an economic development agency or department which promotes business development within that state. These agencies often have loan and grant programs as well as tax credit programs available. Some of these incentives may be available, and even targeted toward, entrepreneurs wanting to start and/or expand a small rural grocery store. A few Midwestern examples of these agencies are the Iowa Economic Development Authority, the Illinois Department of Commerce and Economic Opportunity, and the Kansas Department of Commerce.

Regional Economic Development Agencies

From time-to-time regional development agencies, such as Councils of Governments (COGs) will have funds available for those wanting to start a business. For example, the Region XII Council of Governments based in Carroll, Iowa, manages a revolving loan fund. Those looking to start or expand a grocery store are urged to investigate organizations such as this in their respective area.

Local Contacts

Bankers, City Administrators, Chamber of Commerce Officials, and Economic Development Professionals may all have insight into local programs that provide loan or grant funds to small businesses.

Summary

Obtaining financing for a rural store often involves a patchwork of funding sources. Ideally, you will be able to partially fund your project with grant money and low interest loans. Opportunities will, however, vary from one locale to the next and from one state to the next. Timing is also a factor as different funding programs come and go over time. Those who are most successful finding financing are those who keep digging. Start with local sources mentioned above and see what is available. Every time you speak to one of these contacts, ask for ideas on other funding options. Move on to the state and regional levels, then federal. If the project is financially viable funding will be available, although it may take some time and effort to bring it all together.

References

America's SBDC. (n.d.). Retrieved from America's SBDC: <https://americassbdc.org/>

U.S. Small Business Administration. (n.d.). Retrieved from U.S. Small Business Administration: <https://www.sba.gov/>

USDA Business Programs. (n.d.). Retrieved from U.S. Department of Agriculture: <https://www.rd.usda.gov/programs-services/business-programs>