

# Birmingham Open for Business

## Program Guidelines

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*Created in partnership with PNC Foundation*

### Table of Contents

<b>I.</b>	<b>Program Summary</b>	Page 2
<b>II.</b>	<b>Program Details: Ready Stage</b>	Page 2
<b>III.</b>	<b>Program Details: Open Stage</b>	Page 4
<b>IV.</b>	<b>Program Details: Grow Stage</b>	Page 7
<b>V.</b>	<b>Additional Information</b>	Page 9

## I. Birmingham Open for Business Program Summary

Birmingham Open for Business, created in partnership with the PNC Foundation and REV Birmingham, provides resources and capital in the form of grants to small business owners that need support in starting, growing, and scaling their businesses. Birmingham Open for Business is open to all small businesses in the City of Birmingham, with a focus on minority businesses and/or those centered in low- to moderate- income census tracts and business districts within the city. The goal of the program is to connect these under-resourced entrepreneurs with the capital and tools to sustainably build their businesses for the long-term, ultimately helping to decrease blight, improve public spaces and create more vibrant communities throughout the city.

Birmingham Open for Business offers resources and funding opportunities to meet the needs of entrepreneurs at three different stages of business.

The first stage, **Ready**, serves businesses that are registered and have reached first sale but are not yet ready to succeed in physical space. These businesses may need accounting and/or marketing services, real estate assistance, and financial education and support to ensure they are bankable. The Ready stage meets these needs by funding service providers for these entrepreneurs, providing one-on-one coaching and real estate assistance to help determine next steps, and connecting entrepreneurs to lending partners.

The second stage of the program, **Open**, provides gap-funding grants of up to \$100,000 to small businesses who are prepared to succeed in brick-and-mortar, and who have space identified for their business. Grants can fund property purchase, construction, furniture, fixtures and equipment (FF&E), and/or inventory purchases.

The third stage, **Grow**, serves businesses that are already operating in brick-and-mortar, who would benefit from additional support to sustain and grow. Small grants of up to \$10,000 will fund service providers, such as accountants or marketing professionals, or provide funding for business improvements and growth.

Awarded businesses in all three stages must commit to providing business data, including job creation and retention and payroll numbers, to support program evaluation.

## II. Program Details: Ready Stage

The Ready Stage of Birmingham Open for Business supports entrepreneurs interested in opening brick-and-mortar businesses to prepare their business for success. Awardees will receive professional services funded by Birmingham Open for Business, as well as coaching, real estate technical assistance, and connection to lending partners as needed.

**Each round of the Ready Stage will serve up to 10 entrepreneurs, with a budget of up to \$67,000 for service providers.** There will be two rounds of applications for the Ready Stage in 2024, round one in March and round two in August. The Birmingham Open for Business program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum value of services provided.

### Qualifications:

In order to qualify for the Ready Stage, applicants must meet the following criteria:

- Owner of a for-profit business that is not yet located in a brick-and-mortar space (note: businesses that have been located in shared space are eligible to apply) OR owner of a for-profit business looking to open a second location;
- Business has been in existence at least 1 year, with the ability to demonstrate revenue generated in the last 12 months; and
- Desire to open in a brick-and-mortar location within the Birmingham city limits in the next 6-24 months.

### Application and Selection Process:

Round one applications will open March 1<sup>st</sup> with March 31<sup>st</sup> submission deadline. Round two applications will open July 26<sup>th</sup> with an August 26<sup>th</sup> submission deadline. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support entrepreneurs with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of lending partners, entrepreneurial ecosystem partner organizations, and successful entrepreneurs in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Strength and clarity of business plan and vision for growth;
2. Experience and capacity of business owners and key members of the business team;
3. Potential for business to benefit Birmingham community (e.g. job creation, filling vacant space, providing needed services, etc.); and
4. Feasibility of financial model and capital readiness (*Note: businesses that are not capital ready are eligible to apply for Ready stage funding, but they must commit to working with the program's financial partner to become capital ready.*).

Ready Stage round one awardees will receive notification of program acceptance and details of their awards by approximately May 3<sup>rd</sup> for round one and October 4<sup>th</sup> for round two.

### Program:

Entrepreneurs will receive:

- Individualized business coaching through REV Birmingham, including an initial meeting to discuss the business's needs and create a roadmap to prepare for brick-and-mortar. Following this initial meeting, REV will check in with businesses monthly and schedule additional coaching as needed to help businesses reach their goals.
- Technical Assistance Awards – REV will connect entrepreneurs with service providers to meet their needs, as discussed in the application interview and outlined in their program contracts, which could include accountants, marketing experts, lawyers, architects, and business planning consultants. REV will pay service providers directly for their work with entrepreneurs.

- Preparation for financing – Entrepreneurs will work with the program financial partner to receive financial readiness education, either in a workshop setting or individually, depending on entrepreneur needs. The financial partner will work with entrepreneurs to help them become capital ready and identify lending opportunities for their business.
- Real estate consulting – REV Birmingham will offer one small business real estate workshop for Ready stage program participants to help them understand the basics of commercial real estate. Once entrepreneurs have reached the point that they are ready to begin looking for space, REV will provide individual consulting to help businesses identify potential spaces, review leases, and create pro formas.
- Small business community – Program participants in the Ready stage will have opportunities to learn from and support each other as they work toward opening in brick-and-mortar. REV will facilitate cohort gatherings for participants to share their experiences and challenges and meet other successful entrepreneurs in Birmingham.

Ready Stage entrepreneurs must begin working with program-funded professional service providers within 3 months of award notification. Exceptions to this timeline may be made in rare instances at the discretion of REV Birmingham based on individual business needs.

#### Reporting Requirements:

Ready Stage Entrepreneur Track awardees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners' participation in the program until such data is provided.

Required data includes:

- Business revenue
- Number of staff (FTEs) and total payroll documented by pay stubs or payroll reports
- Square footage of brick-and-mortar space (if applicable)
- Funding leveraged from other sources
- Dates of lease signing, mortgage acquisition, and/or brick-and-mortar space opening

REV will report data for all Birmingham Open for Business businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.

#### **IV. Program Details: Open Stage**

The Open Stage of Birmingham Open for Business will provide gap-funding grants of up to \$100,000, connection to lending resources, and business consulting for small businesses that have a brick-and-mortar space identified and need additional funding to complete construction and open the business. Eligible applicants include entrepreneurs opening their first brick-and-mortar business location, as well as entrepreneurs seeking an additional business location within the City of Birmingham.

**Each round of the Open Stage will serve 3-5 small businesses, with a total budget of \$250,000 for grants.** There will be two rounds of applications for the Open Stage in 2024, round one in May and round two in September-October. The Birmingham Open for Business program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum grant award. Grants generally will not exceed 50% of the project cost.

Qualifications:

In order to qualify for the Open Stage, applicants must meet the following criteria:

- Owner of a for-profit business that has not yet opened in an independent brick-and-mortar space (note: businesses that have been located in shared space are eligible to apply) OR owner of a for-profit business that is looking to open an additional location;
- Brick-and-mortar space identified within the City of Birmingham, with a letter of intent or signed lease (for leased properties, or a contract or deed (for purchase));
- Ability to upload a project plan for business opening with a fully loaded project budget AND a business plan or pitch deck complete with financial projections; and
- Ability to provide two years of tax returns and a personal financial statement if selected as a finalist.

Application and Selection Process:

Round one applications will open May 3<sup>rd</sup> with a June 2<sup>nd</sup> submission deadline. Round two applications will open August 30<sup>th</sup> with a September 30<sup>th</sup> submission deadline. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support entrepreneurs with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of lending partners, entrepreneurial ecosystem partner organizations, and successful entrepreneurs in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Strength and clarity of business plan and vision for growth;
2. Experience and capacity of business owners and key members of the business team;
3. Feasibility of pro forma and capital readiness;
4. Potential for business to benefit community (e.g. job creation, providing needed goods and services, filling vacant property, etc.)

Program finalists may be interviewed by REV Birmingham and/or members of the selection committee to answer questions about their business plan and financial needs. The committee will select up to 5 grantees to receive grants of up to \$100,000.

Program:

Entrepreneurs will receive:

- Connection to lending partners if needed to complete project funding.

- Financial planning and project management assistance.
- Gap funding grants of up to \$100,000, to be released to businesses once full project funding is secured.
- PR support for business opening provided by REV Birmingham, including collaborating to draft an announcement press release, distribution of press release to media partners, and introductions to media partners.

The following will be eligible expenses for Open stage grant funding:

- Professional services necessary to prepare the business to open.
- Construction costs including the following:
  - Design services and drawings
  - Exterior building renovations
  - Interior building renovations including necessary furniture, fixtures, and equipment
  - Code compliance, license fees and permit costs
- Inventory purchases for initial stocking.
- Working capital or operating costs necessary for the first 6 months of operation, not to exceed 10% of the grant funding amount (note: priority will be given to applicants that do not require operating capital).

Open Stage grantees must spend grant funds within 6 months of selection. This timeline may be extended up to one year at the discretion of REV Birmingham based on individual business needs. Grant funds will be managed by REV Birmingham and issued either as reimbursement for approved expenses, direct payment of invoices for approved expenses, or funding directly to businesses for approved expenses under an agreed upon threshold amount.

Reporting Requirements:

Open Stage grantees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners' participation in the program until such data is provided.

Required data includes:

- Business revenue
- Number of staff (FTEs) and total payroll
- Square footage of brick-and-mortar space (if applicable)
- Funding leveraged from other sources
- Dates of lease signing, mortgage acquisition, and/or brick-and-mortar space opening

REV and will report data for all Birmingham Open for Business businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.

## **V. Program Details: Grow Stage**

The Grow Stage of Birmingham Open for Business provides small grants or funding for service providers, connection to lending partners, and technical assistance to help existing small businesses thrive.

**The Grow stage will serve up to 15 businesses with up to \$110,000 in total available funding.** The Birmingham Open for Business program reserves the right to make awards of varying amounts to balance business needs and available funding. A successful application does not guarantee a minimum grant or value of services provided.

### Qualifications:

In order to qualify for the Grow Stage, applicants must meet the following criteria:

- Owner of a for-profit business that has been located in a brick-and-mortar space for a minimum of one year;
- Current City of Birmingham business license; and
- Ability to share most recent two years of tax returns for business.

### Application and Selection Process:

Applications will be released May 31<sup>st</sup>, 2024 with a July 1<sup>st</sup> submission deadline. Incomplete applications will not be reviewed. REV will offer application information sessions as well as office hours to support entrepreneurs with their applications.

Following initial application review by REV Birmingham, finalists will be chosen by a selection committee of lending partners, entrepreneurial ecosystem partner organizations, and successful entrepreneurs in Birmingham. This committee will use a scoring rubric to evaluate applications, which will include the following criteria:

1. Experience and capacity of business owners and key members of the business team;
2. Potential for sustained business success, as indicated by financial records and business plan;
3. Potential for grant or service provider support to help grow business revenue; and
4. Connection to community surrounding business location and/or business benefit to community (e.g. job creation/retention, providing needed goods and services, filling vacant property in a low-income district, hosting community events at business, etc).

Applicants will be required to submit a pitch deck including a 3-year forward pro forma and a fully loaded project budget. Program finalists may be interviewed by members of the selection committee to answer questions about their business plan and financial needs.

Applicants will indicate whether they are applying for technical assistance awards to fund service providers or small grants to help fund business improvements or operational funding. Grantees will be required to show that they have secured the full funding needed to complete their project before grant funds will be released.

### Program:

Businesses will receive:

- Individualized business coaching through REV Birmingham to create plans for sustaining and/or making physical improvements to existing space.
- Either technical assistance or grant funding:
  - Technical Assistance Awards – REV will connect entrepreneurs with service providers to meet their needs, as discussed in the application interview and outlined in their program contracts, which could include accountants, marketing experts, lawyers, architects, and business planning consultants. REV will pay service providers directly for their work with entrepreneurs. Value of payment to service providers may range from \$5,000 - \$10,000 depending on services needed and available funding.
  - Grant funding – Grants of up to \$10,000 to help fund physical business improvements or growth expenses. Funding can be used for expenses including, but not limited to, façade improvements, signage, interior improvements, technology upgrades, and payroll for a new employee. Funding cannot be used for ongoing business expenses, such as rent or payroll for current employees.
- Preparation for financing – entrepreneurs will work with the program financial partner to receive financial education, either in a workshop setting or individually, depending on entrepreneur’s current state of financial readiness. If needed, the financial partner will work with entrepreneurs to help them become capital ready and identify lending opportunities for their business.

Grow Stage businesses must begin working with program-funded professional service providers within 3 months of award notification OR must spend grant funding within 6 months of selection. Exceptions to this timeline may be made at the discretion of REV Birmingham based on individual business needs. Grant funds will be managed by REV Birmingham and issued either as reimbursement for approved expenses, payment of invoices for approved expenses, or funding directly to businesses for approved expenses under an agreed upon threshold amount.

#### Reporting Requirements:

Grow Stage awardees must commit to reporting the following business data upon entry to the program and at intervals of 6 months, 1 year, and 2 years after award notification. If required business data is not provided, REV Birmingham reserves the right to suspend the business owners’ participation in the program until such data is provided.

Required data includes:

- Business revenue
- Number of staff (FTEs) and total payroll
- Square footage of brick-and-mortar space (if applicable)
- Funding leveraged from other sources

REV will report data for all Birmingham Open for Business businesses in aggregate to share program success. Individual business data will not be published or shared publicly without the express written permission of the business owner. REV will confidentially share individual business information data with program partners and service providers as needed to best support business growth.



## **VI. Additional Information**

### Awardee Expectations:

As a pre-requisite to participation in the program, Birmingham Open for Business awardees will be expected to attend events where they will be connected to other awardees and resources. They will also be asked to share their story through a variety of media opportunities. These types of opportunities will be determined after awardees are announced. All award awardees are expected to sign relevant technical assistance or grant agreements, including an acknowledgement of program terms and reporting requirements.

### Confidentiality:

Certain information submitted by Birmingham Open for Business applicants as part of the application process will be regarded as "confidential information" by REV Birmingham and award selection committee members and will be used only for the purposes and scope outlined in these guidelines.

"Confidential Information" means any applicant proprietary information, records, data, lists, electronic data information, technical data, trade secrets or know-how, including, but not limited to, market data, real estate data, research, plans, products, services, customer lists and customers, software, developments, inventions, processes, formulas, methods of determination of prices, financial condition, profits, sales, net income, indebtedness, technology, designs, drawings, engineering, or marketing plans. Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful act or omission of REV Birmingham employees or members of Birmingham Open for Business selection committees.

### Tax Implications:

Awardees are responsible for all applicable taxes resulting from the receipt of grant funds. Technical assistance awards and financial assistance received pursuant to this Agreement may be considered taxable income by the U.S. Internal Revenue Service and/or the Alabama Department of Treasury. Birmingham Open for Business program awardees are strongly urged to consult with a tax professional to determine the federal, state and/or city tax implications of receipt of financial or technical assistance. REV Birmingham will issue a Form 1099 to each awardee.

### Disclaimer:

The information contained herein is subject to the actual grant-award documents and the written terms and conditions of the Birmingham Open for Business program and REV Birmingham, which govern the program, which may be amended from time to time at the sole discretion of the program partners. REV Birmingham reserves the right to make the final determination of any person's or organization's eligibility and/or qualifications for program benefits, and to make allocation of program benefits as it may, in its sole discretion, deem appropriate.

REV Birmingham may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumption contained in these program guidelines. Changes will be communicated to those known by REV to be submitting an

application or participating in the program. Changes to any deadline or other scheduled events may be made by REV as it deems appropriate and to be in its best interest.

Please note: REV Birmingham employees and their spouses and PNC employees and their spouses are not eligible for Birmingham Open for Business.