PROTOTYPE GRANT
APPLICATION GUIDELINES

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This document contains application instructions, eligibility requirements, and evaluation criteria for submissions to the Lackawanna College Venture Lab Prototype Grant Program. Entrepreneurs should review these guidelines carefully to prepare compliant applications. These guidelines apply between July 1, 2021 and June 30, 2022.

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1.0 Background

Lackawanna College is a private, accredited college serving the people of Northeastern Pennsylvania. Our curriculum provides students with a direct path to a bachelor's degree, associate degree, or one of many different professional certifications. Additionally, our Continuing Education department helps put the people of Northeastern Pennsylvania back to work with modern career skills. For more information: www.lackawanna.edu

The **Venture Lab** is a program operated by Lackawanna College to support area entrepreneurs with a specialization in helping disadvantaged microenterprises using a lean startup methodology. Our program offers co-working space and a Fabrication Center for rapid prototyping at our Scranton campus. We also support entrepreneurs via our Microsoft® Teams digital platform. The Venture Lab provides training, support, advice, industry connections, peer mentoring, market research, promotion support, product development, and business planning assistance.

This **Prototype Grant Program** was created to help disadvantaged entrepreneurs who are launching microenterprises overcome critical early-stage funding gaps for building viable product prototypes. Beginning in the 2021-2022 school year, Lackawanna College seeded this program with a small allocation of internal capital as a pilot project, with the intention of awarding entrepreneurs with up to $500 for developing a prototype using the Lab's 3D printing capabilities in the Fabrication Center. Our goal is to continue testing the program model, processes, and efficacy in addressing real needs for prototyping funds among the local disadvantaged entrepreneurial community.

2.0 Definitions

The following terms are used in this document with the specific definitions below.

2.1 Economic Disadvantage

The Venture Lab program at Lackawanna College uses five criteria to gauge local economic disadvantage, including measures on area unemployment, income, poverty, and educational attainment. While an analysis of these areas indicates they contain a high concentration of individuals who are also disadvantaged by race and gender, for the purposes of this grant program the term "disadvantage" will refer to economic barriers to success.

2.2 Early Stage

Business startups in the early stage of their development have either not been registered with the Pennsylvania Department of Commerce (PA DOC) or have been registered for less than 2 years.

2.3 Qualifying Microenterprise

For the purposes of this Prototype Grant Program, a qualifying microenterprise is a small business with 5 or fewer owners and employees (combined), $50,000 or less in assets, and $25,000 or less in revenue over the past 12 months.

3.0 Eligibility Requirements

Applicants should carefully review the following eligibility requirements. Applications deemed ineligible will not be reviewed. If there are multiple owners in the grant application, all owners must meet the eligibility requirement for Evidence of Disadvantage (#4) **or** be a student/alumnus. However, different owners may be eligible for different reasons. Lackawanna College institutional ventures and equity investment companies are not eligible for this program.

	REQUIREMENT	DESCRIPTION
1	Qualifying Microenterprise	See definition in Section 2.0.
2	Early Stage Venture	See definition in Section 2.0.
3	Location	The business must be located one of the following counties: Bradford, Lackawanna, Luzerne, Northumberland, Susquehanna, Wayne, and Wyoming.
4	Evidence of Economic Disadvantage, or Student/Alumni Status	Applications can meet this requirement by one of the following methods: 1. Located within one of the following Venture Lab Target Area Zip Codes: 18201, 18202, 18407, 18434, 18446, 18447, 18472, 18504, 18505, 18508, 18509, 18510, 18517, 18518, 18519, 18640, 18702, 18704 2. Prior calendar year income 150% or less than the federal poverty guidelines published by the US Department of Health & Human Services in January every year (link: https://aspe.hhs.gov/poverty-guidelines). For example, in 2020 the poverty guideline for a family of 4 was $26,200. Entrepreneurs in this category with $39,300 (26,200 X 1.5) or less in income would be eligible to participate in the grant program. These guidelines determine eligibility for a range of federal and state social welfare programs. 3. **WAIVER**: A currently enrolled student or recent alumni (less than 5 years after graduation) of Lackawanna College. These individuals are a priority for the program and do not need a disadvantaged status to participate.

4.0 Application Instructions

Applicants will prepare an application package that includes the following elements:

- Application/Cover Page
- Comprehensive Business Plan

The application shall adhere to the content specifications and page length requirements listed in the sections that follow**. Failure to comply with these requirements will result in a rejection of the application without review.** Applicants are strongly encouraged to work with the Venture Lab prior to submitting their applications.

Paper applications will not be accepted. Applicants shall submit their completed application electronically as a PDF or Microsoft Word file to: venturelab@lackawanna.edu

4.1 Application / Cover Page

Entrepreneurs must submit their application that includes the following information:

4.1.1 Company Name

4.1.2 Entrepreneur Name(s)

4.1.3 Company Address

Applicants will list their physical business address (no PO boxes will be accepted). If the business is not yet registered with the PA DOC, the applicant will provide the home address of each business partner/owner to be associated with the firm.

4.1.4 County

4.1.5 PA DOC Business Registration Number

If the business is not registered with the PA DOC, the applicant should state "Not Registered." Information about this process can be found here: https://www.dos.pa.gov/BusinessCharities/Business/Documents/FEB2018%2021460%20Guide%20to%20Business%20Registration.pdf

4.1.6 Qualifying Microenterprise Statement

I/we certify that the business which is the subject of this grant application has been in operation for less than two years and has progressed to the point of needing to develop a viable product prototype. With the successful creation of a prototype, the business owners intend to seek further support either through entering the tecBRIDGE NEPA Business Plan Competition or by contacting investors for consideration.

4.1.7 Economic Disadvantage, Student, or Alumni

This grant is only available to entrepreneurs facing economic disadvantage or those who are a student/alumnus of the college. State how each owner/partner for the company qualifies under this requirement. Options include:

- Geographic Location (based on Zip Code – see Section 3.0 Eligibility Requirements) – state "Reside within the Target Area."
- Personal or Family Income – state "Gross income is less than 150% the federal poverty guidelines" (see Section 3.0 Eligibility Requirements).
- Lackawanna College student or alumni (less than 5 years) – state "Lackawanna College Student" or "Lackawanna College Alumni" followed by your actual or anticipated graduation year.

4.1.8 Considerations

Indicate if any of the following conditions apply to any of the business owner(s) applying for the grant:

- Lackawanna College Student
- Lackawanna College Alumni (less than 5 years)
- Lackawanna College Alumni (more than 5 years)
- Lackawanna College Faculty, Staff, or Adjunct Instructor
- High School Student from a Level Up School District (see list on the program page: https://www.lackawanna.edu/offices-and-departments/admissions/level-up/
  - this consideration applies whether you are part of the Level Up program or not.)
- High School Student from non-Level Up School District
- Female Gender
- Minority Race or Ethnicity
- US Military Veteran

4.1.9 Proposed Expenses

Explain how you intend to use the grant funding, including specific ideas for building your prototype.

4.2 Comprehensive Business Plan

For the Venture Lab to gain a clear understanding of your intentions for building your business, please submit a thorough and detailed business plan with your application. If you do not yet have a document prepared, the Venture Lab can provide you with a template.

5.0 Evaluation Criteria

Applications will first be evaluated for eligibility (see Section 3.0 Eligibility Requirements). Ineligible applications will be returned to the applicant without moving further in the process. Eligible applications will be evaluated by an Award Committee comprised of a mix of Lackawanna College faculty, students, previous grant recipients, and community partner representatives. Committee members will evaluate each application using the criteria provided below.

There are 100 possible points. All applications scoring at or above the 70-point threshold will be awarded a $500 prototype grant, pending the availability of funding.

	CRITERIA	POINTS	DESCRIPTION
1	Program Mission Alignment	25	Applications are accepted from all eligible entrepreneurs bound by the geographic and economic disadvantage established in Section 3.0 Eligibility Requirements. The program, however, is eager to work with those that fit more squarely within its mission profile. Applicants will receive a score of 0 to 25 points based on this alignment to our mission.
2	Grant Request Criteria	20	Grant requests are evaluated based on two main criteria: 1) how critical the prototype is deemed to the success of the startup, and 2) the strength of supporting documentation.
3	Need	10	As an economically disadvantaged entrepreneur with an early-stage enterprise, the Venture Lab assumes you have a pressing need for capital. However, additional points will be awarded to entrepreneurs that provide evidence of hardship in raising capital to fund their prototype.
4	Entrepreneur Qualifications	10	Experience in entrepreneurship is not a requirement to receive a grant. However, successful startups are often created by leaders with, for example, experience in management, prior business training, sales or marketing skills, and industry exposure. More points will be awarded to those entrepreneurs who can demonstrate a reasonable level of business qualifications.
5	Business Model, Strategy & Market Evaluation	35	Startups with a clear understanding of their business strategy, strong competitive positioning, and detailed knowledge of their customers have a better chance of success. Therefore, applicants with comprehensive and thoughtful business plans will be rated higher than those with weak or imprecise information.
	TOTAL	100	

In addition to the above scoring metrics, the Award Committee has discretion to award between -10 to +10 points. These points may be used, for example, to ensure the qualification or rejection of an applicant near the threshold criteria based on extraneous information. For example, if an applicant is proposing a business idea that members of the Award Committee have seen attempted before resulting in business failure, they may be inclined to reduce

the points awarded and share this information with the applicant in order to redirect them to a more suitable course of action. Conversely, industry research conducted by committee members may reveal that an applicant's business idea is exceptionally promising. Additional points may then be added to ensure the application exceeds the minimum threshold. Any additional points (+/-) assigned to an application score will be noted in the feedback provided to the applicant, along with an explanation of why those points were awarded.

6.0 Evaluations, Awards, Rejections & Resubmissions

Applications are accepted on a rolling basis throughout the year. Evaluations of submitted proposals received by the 15th of each month will be reviewed as a lot. All applications exceeding the minimum scoring threshold identified in Section 5.0 Evaluation Criteria will be awarded a prototype grant of $500, pending the availability of funding. If funds are not available to cover the cost of all applications scoring above this threshold in each lot, awards will be made to the highest scoring applications first. At the discretion of the Award Committee, however, a lower-scoring awardee may be advanced over a higher-scoring awardee in order to help a higher number of disadvantaged entrepreneurs in the community.

Applicants will be notified of their application's score and award decision typically by the end of each month.

Funds will typically be dispersed in the form of a check paid to the awardee during the following month. An agreement must be signed by both parties, recognizing that monies were dispersed solely for the purpose of the grant.

Applicants receiving an award notification will be required to provide confirmatory documentation of claims made in the application, such as in the case of eligibility established based on gross income below 150% of the federal poverty guidelines.

Applicants have the option to reject the award by not signing and returning the agreement. Applicants who do not return the grant agreement within 30 days of award notification will be assumed to have rejected the award if no other communication is received from the applicant during this time stating otherwise.

Applications receiving a score at or above the 70-point threshold, but not awarded a prototype grant due to a lack of funding availability will be held over each subsequent review cycle until funding becomes available. Applications held over one or more review cycles will be evaluated alongside all other applications received up to that point as a new, single lot based on the new availability of funding and, if the requests for grants exceed the amount of total capital available, score rank. This means that a low scoring application may not be awarded a prototype grant in favor of a higher-scoring application even if the first application was received in a previous lot/month.

The Venture Lab will remain in contact with applicants who did not receive a grant due to lack of funding in order to keep them apprised of funding status for the program.

Applicants can remove their application from consideration at any time by written correspondence to: venturelab@lackawanna.edu.

Applicants who do not meet the 70-point threshold for approval of a prototype grant are encouraged to review the feedback provided by the program and resubmit their application after making changes or taking actions which strengthen the application.

Applicants with applications held over due to a lack of funds may submit a new application to replace the previous submission. This may be needed if the entrepreneur has made changes to their business plans, or conditions have changed while awaiting new funding to become available to the grant program. If a new application is received, the prior application will be deemed removed from consideration. The new application will be evaluated and given

a score with the next lot of applications received. Note that changes such as a change of address or income status may impact applicant eligibility.

7.0 Prototype Grant Requirements for Recipients

Prototype grant recipients must comply with the financial and programmatic elements of the program as described below:

7.1 Venture Lab Training

All grant recipients will be required to complete the Venture Lab's video series training on lean startup principles. The series covers the startup process, iterative feedback, minimum viable products, startup business planning, market research basics, and related topics at a high level.

7.2 Venture Lab Membership

All prototype grant recipients will have free, unlimited access to the full range of Venture Lab services and resources for one calendar year after submitting their initial application. Entrepreneurs are encouraged to use the workspace, training, resources, and services of the lab to grow their microenterprise ventures.

7.3 Prototype Grant Community Meetings

Grant recipients will be part of a small community of disadvantaged entrepreneurs who support one another in the creation of their enterprises. Individuals receiving a prototype grant are encouraged to participate in periodic meetings, events, and discussions within this community both during the prototyping process and after. These activities are a way for participants to "pay it forward" to the next generation of entrepreneurs by sharing lessons learned and providing encouragement.

7.4 Program Debriefing Survey

After receiving a prototype grant, the recipient will be asked to complete a survey describing their experience with the program.

8.0 Questions & Help

Applicants are strongly encouraged to work with the Venture Lab in preparing their prototype grant application. Program personnel are available to answer your questions and provide other services such as advice, research, and sponsor referral whenever the lab is open.

The Venture Lab is located at:

Angeli Hall, 501 Vine Street, Scranton, PA 18509.

The Venture Lab also maintains a digital platform using Microsoft® Teams to support entrepreneurs remotely. Contact the Venture Lab at the following email address for more information or to submit questions:

venturelab@lackawanna.edu