Why OnGrid Should Exist

U.S. SMALL-BUSINESS FINANCING, CAPITAL READINESS AND ADVISORY OPPORTUNITY

Independent industry research | 17 October 2026 | U.S. market; New York operating considerations

RESEARCH CONCLUSION

The market has a demonstrated financing-access problem. OnGrid's most defensible opportunity is to help owners diagnose their financial position, prepare lender-ready information, compare appropriate financing options and make informed decisions—without promising approvals.

Executive findings

- **Persistent gap:** In the Federal Reserve 2025 survey, 60% of employer respondents applied for financing; of those, 42% obtained all requested funding, 36% some or most, and 22% none [1].
- **Credit is not one product:** 38% specifically applied for a loan, credit line or merchant cash advance; applicant experiences varied sharply across channels [1].
- **Readiness has concrete elements:** SBA lender guidance identifies credit history, projections, use of funds, collateral, repayment capability and, for certain programs, accurate financial statements [3][4].
- **Borrower protection matters:** 60% of respondents who borrowed from online lenders reported costs above their expectations, compared with 37% at small banks and 32% at large banks [1].
- **Major competitive constraint:** SBA resource partners offer free or low-cost business assistance and SBA Lender Match provides no-cost lender discovery. OnGrid must justify paid service through execution, specialization, turnaround time and documentation quality—not mere introductions [5][6].

Scope note: The Federal Reserve Small Business Credit Survey is a weighted national convenience sample of employer firms (1–499 employees), not a representative census. Its financing outcome categories should not be interpreted as proof of advisory demand or as OnGrid's serviceable market [1][2].

1. Industry market and underlying problem

The SBA Office of Advocacy estimated 36.2 million U.S. small businesses in its 2025 profile, representing 99.9% of U.S. businesses and about 45.9% of employees. This is ecosystem scale, **not** the number of qualified OnGrid prospects [7].

Evidence	What it means for OnGrid
60% applied for financing; 42% of applicants fully funded [1]	Potential need to triage capital needs, eligibility and documentation.
56% sought financing for operating expenses; 46% for expansion [1]	Two materially different borrower use cases require different underwriting narratives.

Evidence	What it means for OnGrid
86% regularly used financing, including cards and loans [1]	Services should cover existing debt and cash-flow pressures, not just new loan leads.
59% of firms with debt used personal guarantees [1]	A readiness review should explicitly explain owner liability and risk.
Online-fintech lender applicants increased from 17% (2020) to 29% (2025) [1]	Owners face more channels, making transparent comparison useful.

Where the process breaks

- **Financial visibility:** Owners may not have timely profit-and-loss, balance-sheet, cash-flow or debt schedules. This is a testable potential friction, not something measured directly by the survey.
- **Eligibility and underwriting:** Lenders evaluate ability to repay and creditworthiness; minimum criteria differ by product and lender [3].
- **Preparation:** Lenders may require a business plan, financial projections, collateral detail and use-of-proceeds statement [4].
- **Option quality:** Capital with faster approval may carry payment schedules or total costs that businesses underestimate [1].
- **Timing:** A firm may be fundamentally viable but unsuitable for current products; an advisory engagement may produce a 90-day readiness plan instead of an application.

2. OnGrid’s addressable position

Business model: independent borrower-side capital-readiness and financing-navigation service for established U.S. small businesses; initially focused on New York and surrounding markets. The exact focus is a recommended launch hypothesis, not a validated customer segment.

Suggested initial client: established firms with verifiable revenue, a documented purpose for capital, an owner willing to share financial information, and insufficient internal finance capacity. Avoid charging businesses that already have an adequate banking or free-advice pathway unless OnGrid can demonstrate additional value.

Critical boundary: OnGrid is not a lender, does not underwrite or make approval decisions, and should not imply an SBA affiliation or guaranteed financing.

3. Service design — a differentiated four-stage process

Stage	Client-facing deliverable	Potential outcome metric
01 Diagnose	Owner intake, credit/debt review, financial records inventory, financing purpose and cash-flow review	Completed baseline readiness checklist
02 Prepare	Missing-record remediation plan, document index, projection support with accountant where appropriate	Complete lender document package

Stage	Client-facing deliverable	Potential outcome metric
03 Navigate	Product suitability screen; multiple-lender comparison; transparent fee and funding-risk explanations	Options compared; client comprehension
04 Follow through	Referral/application coordination if permitted; decline reason tracking; 30–90 day improvement plan	Follow-up completion; applicant outcomes

Deliverables that create value independently of funding

- Capital Readiness Assessment with red/amber/green items and underlying explanations; scoring should be a transparent internal framework, not a claim of lender preapproval.
- Financing-readiness checklist tailored to a target product and lender requirements; actual criteria require lender confirmation.
- Business Financial Profile: revenue trends, liquidity, existing obligations, required capital and use of proceeds.
- Product Comparison Brief: proceeds, finance charges/APR when available, repayment frequency, collateral, personal guarantees and prepayment restrictions.
- Action Plan: actions controlled by the owner, supporting professionals and OnGrid, with dated milestones.

4. Competitive landscape and limits

Alternative	Strength	OnGrid response
SBA SBDCs / SCORE / WBCs	Free or low-cost education and counseling [5]	Offer implementation and accountability, not information that is already free.
SBA Lender Match	Participating lender introductions; no approval promise [6]	Start with suitability, readiness and transparent comparisons.
Banks / CDFIs / credit unions	Originate/underwrite capital and may advise borrowers	Remain independent; build qualified referral procedures.
Fintech marketplaces / brokers	Quick applications and/or funding options	Distinguish from volume-based matching through documented borrower benefit.
Accountants / bookkeepers	Financial records, tax reporting and controls	Partner; avoid providing regulated tax, audit or legal opinions.

The existence of free support materially weakens a generic “we help find funding” business model. The proposed differentiator needs field validation with paying owners and lenders.

5. Commercial model: economics are hypotheses

A paid assessment and implementation model is more aligned with the stated readiness-first proposition than relying exclusively on lender-paid referral fees. Figures below are **illustrative planning inputs, not observed market rates or projections.**

Illustrative package	Potential scope	Illustrative fee assumption
Initial diagnostic	Intake + readiness map + funding suitability screen	$250–$500
Readiness implementation	Documentation coordination, gap closure, projection inputs	$750–$2,000
Continued support	Monthly progress, updates and capital planning	$150–$400/month

Simple operating test (illustrative): 10 diagnostics at $350 plus 4 implementation engagements at $1,250 yields $8,500 gross monthly sales before subscriptions, referral revenue, refunds, acquisition costs, platform fees, contractors, taxes, and owner compensation. These are assumptions for pricing experiments, not a market-size estimate.

Why not claim a billion-dollar opportunity?

Applying an arbitrary percentage to 36.2 million firms would produce an impressive but unsupported TAM. A defensible serviceable market requires: geographic firm counts; sector eligibility; revenue and tenure criteria; demonstrated financing need; willingness to pay; ability to reach owners; and annual purchasing frequency. OnGrid currently needs primary discovery data to estimate these factors.

6. Regulatory and reputation guardrails

- **New York commercial financing:** Article 8 of the Financial Services Law and 23 NYCRR Part 600 impose disclosure responsibilities in covered transactions, including provisions addressing brokers and compensation disclosures [8][9]. Counsel should determine whether OnGrid's contemplated activities trigger these rules.
- **Credit data:** Obtain express authorization for each credit/financial data source and use appropriate access, retention and security controls; do not pull consumer reports without a permissible purpose.
- **Representations:** Never guarantee approval, market a fabricated lender network, promise credit-score improvement, or imply OnGrid is the funding source.
- **Compensation conflicts:** Disclose referral arrangements, lender payments and potential conflicts in plain language; assess broker/licensing requirements jurisdiction-by-jurisdiction.
- **Section 1071:** The CFPB's May 2026 final rule revised reporting requirements and extended the small-business-lending compliance date to January 1, 2028; do not imply it directly licenses borrower-side advisory firms [10].

7. Conditions under which the thesis fails

- Owners may value funding introductions but decline to pay for readiness assessment.
- Free and bank-provided tools may address much of the need at lower cost.
- OnGrid may attract predominantly unqualified leads with limited willingness or capacity to pay.
- Professional liability, commercial financing disclosure rules, privacy obligations and referral conflicts may increase cost.
- A subscription such as OwnersPath may support delivery but does not by itself establish demand, conversion or profitable economics.

8. Validation plan: first 90 days

Period	Activity	Pass/fail signal
Days 1–30	Interview 25 owners in 2–3 target sectors; interview 8 lenders/underwriters; identify recurring underwriting gaps.	At least 10 owners independently confirm costly financing-prep friction.
Days 31–60	Conduct 10 structured readiness pilots, at least 5 paid; track hours, document completeness and willingness to pay.	At least 5 paying customers and repeatable service scope.
Days 61–90	Run 10 additional cases; record outcomes, unit economics and referrals; formalize partner compliance procedures.	Positive gross contribution per engagement, documented customer benefit.

Thresholds above are proposed management milestones, not industry norms. A failed test should prompt repricing, narrower targeting, partner-led distribution or a different service mix.

9. Recommended investor / website narrative

Core problem: Business owners confront financing choices while managing daily operations. Access is constrained not only by the supply of loans, but by creditworthiness, repayment capacity, documentation, product suitability and cost transparency.

OnGrid proposition: “OnGrid Advisory helps small businesses understand where they stand financially, prepare for lender requirements, and navigate financing options responsibly. We begin with assessment and a prioritized readiness plan, then support documentation and qualified introductions when appropriate.”

Why now: Financing need persists, approval remains incomplete for a majority of seeking firms, and online-financing choices have widened. However, the evidence supports problem prevalence—not the causal effectiveness or financial success of OnGrid.

Source register — primary / regulatory

[1] Federal Reserve Banks (2026), 2026 Report on Employer Firms, 2025 SBCS
https://www.fedsmallbusiness.org/survey/2026-report-on-employer-firms

[2] Federal Reserve Banks (2026), 2026 Firms in Focus: methods
https://www.fedsmallbusiness.org/reports/survey/2026/2026-firms-in-focus-chartbooks-on-small-business-data

[3] SBA, 7(a) loans: eligibility and lender documentation
https://www.sba.gov/loans/7a-loans/

[4] SBA, Lender Match preparation checklist
https://www.sba.gov/loans/lender-match/

[5] SBA, Local assistance
https://www.sba.gov/counseling/local-assistance/

[6] SBA, Lender Match
https://www.sba.gov/loans/lender-match/

[7] SBA Office of Advocacy, 2025 small business profiles
https://advocacy.sba.gov/2025/06/30/new-advocacy-report-shows-the-number-of-small-businesses-in-the-u-s-exceeds-36-million/

[8] New York State, Financial Services Law Article 8
https://www.nysenate.gov/legislation/laws/FIS/804

[9] NY DFS, 23 NYCRR Part 600
https://www.dfs.ny.gov/system/files/documents/2023/01/rf_finservices_23nycrr600_text.pdf

[10] CFPB, Section 1071 small business lending rulemaking
https://www.consumerfinance.gov/1071-rule/

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