

Getting government funding to help turn your idea into reality

By Barbara Brown

If you want quick, easy money for your business, a Small Business Innovative Research (SBIR) grant is not for you. But, if you have an idea for a unique solution to a problem that plagues a government organization and you need financial help to develop, perfect, or tailor that idea, then an SBIR grant is a funding avenue you should investigate. The SBIR program was created by the Small Business Innovation Development Act of 1982 and is authorized until September 30, 2009, with reauthorization expected.

SBIR grants are offered by Federal agencies with extramural research and development budgets in excess of \$100 million. These organizations are required to administer SBIR programs using an annual set-aside of 2.5%, averaging a total of approximately \$2 billion dollars per year. Currently, eleven Federal agencies participate in the SBIR program including: the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Science Foundation, and the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Transportation, and Homeland Security.

What's in it for you?

A SBIR contract provides funding to develop and test your innovative ideas while allowing you to maintain ownership of your intellectual property. Working with government customers and end users during the execution of your SBIR gives you insight into user needs and provides you a test environment to work out bugs, as your product moves from design, to prototype, and into a commercial product. The SBIR program encourages and often facilitates interaction with your potential future customers.

How does it work?

SBIR funding is the result of a competitive procurement offered several times per year and posted on the SBIR websites of the listed organizations. You get into the action by submitting a proposal. The links below provide URLs for the solicitation schedules and organization's SBIR websites. SBIRs are awarded in three phases. Phase I is an open competition for any small business. The award is usually about \$100,000. Most Phase I topics will have two or three winners. Phase II awards are made only to select Phase I performers. A Phase II SBIR is awarded for two years and can be up to \$750,000. Although only one Phase II award per topic is typical, in some cases there may be two Phase II awards. Phase III awards are made between a transitioning industry partner and the provider, sometimes with a bit of help from the original government contractor. Each Department has its own procedures, so you should track the organizations online to learn about their details.

To receive a Phase I SBIR you must write a winning proposal. You should plan to spend at least 50 to 100 hours writing and reviewing your proposal before submission. Because SBIRs are based on solicitations, you are told what problem the customer wants solved and you may be given some suggestions about the type of solution desired. Your proposal must reflect your

understanding of the organization's needs and how your offering will meet those needs. Think of it as saying, "I feel your pain and I can make it better." The SBIR program is not used to purchase products or services, but rather to find innovative solutions to tough problems.

Most organizations that are soliciting Phase I proposals will post a draft solicitation 30 days before the final posting. This 30 day window is your chance to talk with the topic's technical representative and ask questions about the problem to be solved and characteristics of the desired solution. Once the 30 day window closes, you may no longer talk with government representatives. The formal solicitation specifies the proposal length, required contents, format, and delivery instructions. You should plan on submitting your proposal at least one day before the due date because the receiving servers can become clogged with proposals at the last minute and failure to submit on time rests on your shoulders. After your proposal is received, it will be evaluated against all proposals submitted on that topic.

How can I increase my chances of winning a Phase I SBIR?

- Follow the instructions. Although this may seem like "duh", it is easy to miss a step in content or formatting that will keep your proposal from making the first cut. A topic may receive over 100 proposals and you do not want to provide an easy excuse to remove your proposal from consideration. It is useful to make a checklist of requirements and have a detail oriented person review your compliance before submitting.
- Clearly demonstrate early and often your understanding of the end user's challenges and operating environment. Always tie a problem statement to a solution statement that highlights your ideas.
- Make your ideas come alive for the reviewer. The first sentence of each paragraph should make assertions that are then proven in the remainder of the paragraph. Take advantage of graphical representations of design, process flow, and outcomes. Help your reviewers visualize how your solution will look and feel. Tie each graphic to the proposal with action captions. Do not use gratuitous graphics or clipart.
- Know your competition. It can be useful to ghost the competition by acknowledging a solution that might be proposed, but will fail for some reason. Follow this statement by showing how your solution will not have this problem.
- Make reviewing your proposal easy for the evaluators. If the solicitation spells out topics to be covered, highlight and bold your headings using those words.
- Have a believable business plan to move your solution into a product. Although you will not build a product in Phase I, you must have a plan to do so in the future. You should be prepared to discuss how you have succeeded in the past in moving an idea into production.

- Solicit endorsements such as a letter of support from a common customer that affirms your organization's capability, reliability, responsiveness, and the value of your idea.
- Spell and grammar check your proposal several times.

****LINKs for more information on SBIRs:***

SBIR program: <http://www.sba.gov/SBIR/>

SBIR list of soliciting organizations and open solicitations:

<http://www.sba.gov/SBIR/indexprograms2.html>

SBIR Gateway: <http://www.zyn.com/sbir/>

2008 solicitation schedule: <http://sbir.us/schedule.html>