

Is SBIR a Good Fit for My Company?

This document is an assessment tool to start the SBIR conversation with Colorado small businesses. If you are unable to check off all of these boxes, contact Colorado SBDC TechSource to discuss the work the business needs to complete before it is are ready to apply for the federal SBIR programs. Ask us about assistance available to support those efforts.

- Yes No
1. Is the firm a for-profit entity, or will a for-profit entity be formed?
- Yes No
2. Does firm meet the current ownership and other SBA requirements for "small company" status?
 - 500 or fewer employees including affiliates and subsidiaries (depending on industry sector)
 - at least 51% owned and operated by US citizen or permanent resident
 - located in the US
- Yes No
3. Does firm have R&D personnel, capabilities and access to facilities needed to credibly carry out at least 2/3 of the Phase I work in-house for SBIR or at least 40% of the work in-house for STTR?
- Yes No
4. Does firm have an "eligible" Principal Investigator (PI) available during the period of performance of the SBIR/STTR contract or grant ("eligible" being determined both by employment status with the company (51%) and credible R&D credentials)?
- Yes No
5. Are the PI and the rest of the R&D team likely to be credible as researchers in the eyes of the agency reviewers? What kinds of people need to be added to the team to add the needed credibility? Is the team complete?

Why "YES" Matters

SBIR legislation requires eligible small businesses to be established as for profit enterprises. Nonprofit organizations cannot apply for Phase I funding although nonprofit research institutions (federal labs and universities) can participate as partners with small businesses in SBIR & STIR projects. Phase I awards are always made to the small business.

The Small Business Administration (SBA) defines a small business using these criteria and the agencies follow the SBA guidelines when determining a company's eligibility for SBIR/STIR funding.

SBIR allows small businesses to partner with nonprofit research institutions while the STTR requires the small business to partner. With SBIR, the small business needs to do 2/3 of the Phase I work and can outsource up to 1 /3. With STIR, the small business must do 40% of the Phase I work and the nonprofit research partner doing 30% of the work while the remaining 30% can be allocated as the small business determines.

The primary employment of the PI (Principal Investigator) must be with the small business concern at the time of award and during the conduct of the proposed project. For projects with multiple PIs, at least one must meet the primary employment requirement. Primary employment means that more than one half of the PI's time is spent in the employ of the small business concern. Primary employment with a small business concern precludes full-time employment at another organization.

While SBIR does not require a team approach, each agency receives hundreds of proposals and a team approach allows the small business to bring in experts and consultants to develop a competitive proposal. Small businesses must strive to build an SBIR competition team with a complete set of required capabilities to increase the chances of winning. Required skills may include (for example) science, technology, analysis, experimental methods, marketing, commercialization, business management (including legal and accounting), technical writing, proposal review and others. Each agency also has a unique culture and proposal evaluation process; it is critical for the small business to understand agency difference and build their team accordingly.

- Yes No 6. Does firm have a great RESEARCH idea? Is this project really about research? Are there Phase I feasibility issues to address? What research will be done in Phase I? How will Phase I success be measured? Is there any indication that a Phase I work plan exists? Does a realistic work plan fit the Phase I scope and budget?
- Yes No 7. Does research idea fit with a participating federal agency solicitation topic?
- Yes No 8. Does preliminary data (obtained by the applicant, his team members or others in the field) indicate the potential for the feasibility of the project?
- Yes No 9. Does the applicant have ACCESS to the needed facilities and equipment?

Not all great product ideas qualify for SBIR/STTR funding. The small business needs to have a research idea with feasibility issues. SBIR Phase I is typically a six month feasibility study while the Phase II can be for up to two years with R&D focused on prototype development.

It is imperative that the small business's research idea fits within the federal agencies solicitation topics. There are eleven federal agencies that participate in SBIR with the five largest (NIH, NSF, DOD, NASA, EPA) also participating in STTR. Each agency releases at least one solicitation a year. Solicitations can be found at each agencies' website or at sbir.gov. Typically, agencies will only review proposals that address an agency's solicitation topics.

SBIR law does not require preliminary data however, most agency reviewers expect to see preliminary data as an indicator of the research feasibility and team's credibility.

ACCESS is highlighted here to show that the applicant does not need to own equipment and facilities but needs to show it has the access which means you can rent or lease as needed. If the small businesses is planning to use space at a nonprofit research institution, the small business should include a letter stating the access has been granted.

The Colorado SBDC TechSource: Commercialization program is partially funded by U.S. Small Business Administration (SBA)'s Small Business Development Center (SBDC) and Federal & State Technology (FAST) Grants, administered through the Colorado Office of Economic Development and International Trade (OEDIT) and the SBDC Network. The program is sponsored by VISA, Minority Business Office at OEDIT, Xero and other local partners. The mission of the partnership is to increase the number of federal SBIR awards received by Colorado small businesses, especially in rural and underserved communities.

The Colorado SBDC TechSource: Commercialization program provides workshops, accelerator programs and events throughout the year that provide practical education and guidance to increase the likelihood of successful SBIR submissions. TechSource: Commercialization provides one-on-one technical assistance to businesses throughout the state, facilitating the preparation of proposals in the annual national SBIR competition for Phase I and Phase II awards. Phase I involves a solicitation of proposals to conduct feasibility related experimental research related to agency requirements. Phase II is designed to continue Phase I research, including full scale testing of the technology. In addition, TechSource: Commercialization may provide grant funding for qualified businesses to partially cover the cost of technical assistance from for-profit specialists in support of their SBIR proposal submission.

For more information, visit sbdc-techsource.org.