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## **Two Federal Programs Offer Money With Few Strings Attached**

*By Tatjana Rosev, Los Alamos National Laboratory Communications Office*

The next-best thing to free money is available through two federal programs for small businesses involved in technology and innovation.

Small Business Innovation Research (SBIR) is the larger of the two programs, and it will provide about \$2.5 billion this year in grants and contracts to small and start-up businesses to develop products, technology or services that solve pressing problems in agriculture, defense, education, energy, transportation, the environment, space exploration, health and other areas. Small Business Technology Transfer (STTR) requires the small or start-up business to team with a nonprofit research entity, such as a university or federal laboratory, and generally involves a transfer of technology, know-how or expertise from that institution to the company's project.

Eleven federal agencies — including the Department of Defense, Department of Energy, National Institutes of Health, NASA and National Science Foundation — offer SBIR grants, and five offer STTR grants. Both programs provide money that doesn't have to be repaid, and the business doesn't have to surrender equity. But, as federal programs, the grants are subject to federal procurement regulations.

"They also are not 'free' in that you can't just take the money and do whatever you want; you have to do the work you promised," said Gail Greenwood of Greenwood Consulting Group. Greenwood and her husband, Jim, contract with Los Alamos National Security — the public-private entity that runs Los Alamos National Laboratory — to give workshops on these federal programs as part of the lab's commitment to support Northern New Mexico businesses through Northern New Mexico Connect.

### **Show me the money**

SBIR and STTR are designed for high-risk, untested innovations, not for conventional enterprises, such as retail or service, or for technology companies with proven ideas, Gail Greenwood said.

In Phase I of a project, recipients receive about \$100,000 to conduct a technical feasibility study that shows how the innovation will solve a pressing problem. In Phase II, recipients may receive an additional \$750,000 to expand and complete research and development. In Phase III, recipients must commercialize the results of the first two phases — and they have to do so without additional money from these programs.

“You are expected to move the project out of the lab and into the marketplace,” Jim Greenwood said. “You might do this yourself, or you might license or sell the innovation to someone else who does, but ... (these programs are) about putting solutions to real problems into the hands of consumers, industry, soldiers, doctors, farmers, or whoever is appropriate.”

Businesses often find that SBIR or STTR backing helps them attract additional funding from venture capitalists and other investors who otherwise would be unwilling to invest in getting an untested idea to market, Gail Greenwood said.

### **It does happen here**

In case you assume New Mexico is low on the list of states that receive grants from these programs, Jim Greenwood can assure you otherwise. “New Mexico consistently ranks in the top five states in terms of the number of SBIR/STTR awards per capita,” he said.

Data compiled by LANL indicate that since 2002, small businesses in New Mexico cities such as Socorro, Las Cruces, Placitas, Vallecitos, Silver City, Datil, Corrales, Taos and Mesilla Park have received about \$150 million in SBIR and STTR, Jim Greenwood said.

And, while some companies in New Mexico win numerous SBIR and STTR awards, about one-third to one-half of the Phase I grants awarded nationally each year go to companies that have never won an award from these programs before, he said,

For more information about these programs, visit the Small Business Administration Web site at <http://www.sba.gov>. To attend a workshop about these programs, contact Shandra Clow at [clow@lanl.gov](mailto:clow@lanl.gov).

*Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to [www.FinanceNewMexico.org](http://www.FinanceNewMexico.org).*

