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Federal Money Available for Inventors, Innovators

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Two federal programs dedicated to funding high-risk research and development into new technology and groundbreaking innovations stand to get a little more money from the economic stimulus package than the \$2.5 billion already set aside for grants and contracts.

The Small Business Innovation Research (SBIR) program — the larger of the two — grants money to small and startup 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. The Small Business Technology Transfer (STTR) program requires the business to collaborate with a nonprofit research laboratory or university that can share its technology or expertise with the innovator.

The 11 federal agencies with SBIR programs include the departments of Defense and Energy, NASA, National Science Foundation and National Institutes of Health. (NIH exempted \$250 million of its additional stimulus funding from the SBIR program, but outcry from small businesses prompted the agency to set aside \$50 million to \$100 million for SBIR-like initiatives.) Five agencies have STTR programs.

SBIR and STTR grants don't have to be repaid and don't require the developer to give up equity. But the business has to abide by federal procurement regulations and has to do the work that was promised.

Help when it's need

SBIR/STTR grants are designed to support the kind of unproven research and development that many investors won't risk money on. In Phase I of an SBIR/STTR project, a business gets about \$100,000 to study how its innovation can be applied toward solving a pressing problem. In Phase II, the business gets as much as \$750,000 to expand and complete R&D.

In Phase III, the business is expected to commercialize its invention — to move it from the lab into the marketplace, so consumers, industries, soldiers, doctors or farmers can use it. While the government doesn't subsidize this phase, SBIR/STTR awards can help a business attract funding from traditional lenders and venture capitalists once the merits of an innovation have been demonstrated and a working prototype has been built.

Given the sluggish economy, proposers are under greater pressure to identify viable, sustainable markets for their innovation before requesting SBIR/STTR funding.

Boot camp for proposal writers

Entrepreneurs who want to join the many other New Mexico businesses that have received SBIR/STTR awards can attend a two-day proposal-writing “boot camp.” Day 1 tackles Phase I proposals; it convenes from 8:30 a.m. to 4:30 p.m. Aug. 19 at Santa Fe Business Incubator, 3900 Paseo Del Sol, Santa Fe. Day 2 covers Phase 2 and the commercialization phase; it meets from 8:30 a.m. to 4:30 p.m. Aug. 20 at Technology Ventures Corporation, 1155 University Blvd. S.E., Albuquerque. The workshops are sponsored by New Mexico Connect and TVC. Cost is \$35 per day or \$60 for both days. Register at www.eventsbot.com/events/eb621188541. Contact Shandra Clow at clow@lanl.gov for details.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC) and its 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.

