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Workshops Help Innovators Access Federal Funds

By Jim Greenwood, Greenwood Consulting Group, Inc. on behalf of Northern New Mexico Connect

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

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.

Eleven federal agencies — including the Department of Defense, Department of Energy, National Institutes of Health, NASA and National Science Foundation — offer SBIR grants and contracts, and five offer STTR awards. 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.

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.

Both SBIR and STTR are broken down into three phases. In Phase I, 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.

SBIR and STTR funding helps move the project out of the lab and into the marketplace so that solutions to real problems can be placed in the hands of consumers, industry, soldiers, doctors, farmers or others. While the government doesn't offer SBIR funding for Phase III, SBIR and 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. And if the federal government is the intended customer, an agency may award Phase III money from non-SBIR or non-STTR funds.

About 40 percent of the SBIR Phase I awards made each year go to firms with no prior SBIR experience. In New Mexico, small businesses outside metropolitan areas have received funding, including businesses in Socorro, Las Cruces, Placitas, Vallecitos, Silver City, Datil, Corrales, Taos, and Mesilla Park. New Mexico consistently ranks in the top five states in terms of the number of SBIR/STTR awards per capita.

Entrepreneurs who want to join the many other New Mexico businesses that have received SBIR/STTR awards can attend workshops in Albuquerque and Santa Fe.

A workshop on SBIR/STTR basics and Phase I will be held March 1 from 8:30 a.m. to 4:30 p.m. at Santa Fe Business Incubator, 3900 Paseo Del Sol in Santa Fe. Participants will learn how to formulate a proposal strategy and follow simple but effective steps to writing a proposal.

A second workshop covers SBIR/STTR Phase II and commercialization; it meets from 8:30 a.m. to 4:30 p.m. March 2 at Technology Ventures Corporation, 1155 University Blvd. S.E., Albuquerque. A panel of local firms that have commercialized SBIR and STTR technologies will provide tips and lessons learned.

The workshops are sponsored by New Mexico Connect and TVC. Visit www.techventures.org/events for more information or to register.

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, go to www.FinanceNewMexico.org.

