

How to Go for a Grant

There is a lot of hype out there about grants being available for businesses and most of that hype is false. There are, however, some grants available that apply to research and development called the Small Business Innovative Research (SBIR) grants. Medical research as well as, military, space exploration, energy and other scientific fields are typical topics for these grant opportunities.

Each year, eleven federal departments and agencies are required to reserve a portion of their R&D budget to award to small businesses. These eleven agencies include the Department of Agriculture, Department of Commerce, Department of Defense, Department of Education, Department of Energy, Department of Health and Human Services, Department of Homeland Security, Department of Transportation, Environmental Protection Agency, National Aeronautics and Space Administration, and the National Science Foundation.

It is not easy to acquire these grant funds. These agencies specify topics of interest and require detailed proposals to be submitted. Proposals are reviewed based on qualifications, degree of innovation, technical merit and future market potential. Topics can be very specific, for example one currently listed is "Scientific Priorities to Improve the Diagnosis, Treatment and Prevention of Tuberculosis and other Tropical Diseases".

Small Business must meet the eligibility requirements of being a for-profit, American-owned and independently operated business with less than 500 employees. The principal researcher must be employed by the business and qualifications for this individual as well as for the capacity of the business to perform are closely scrutinized.

Funding is a three phase process. Phase 1 is the startup phase and is available to support the technical merit or feasibility of the idea. This is very early stage funding and if you or

your business has already filed patents and developed prototypes, your innovation is probably too far along to qualify. Phase one funding may be as high as \$100,000 for a term of approximately 6 months.

As the idea has progressed, Phase II funding may be applied for. This funding should fully develop the technology or product. This funding may go as high as \$750,000, or at times even more, for a period up to two years. You must have gone through Phase I funding to qualify for Phase II. At the completion of the Phase II funding, the product or technology should be ready to go to market.

Phase III is the period in which the item is taken to market. There is no grant funding available at this time. In some cases, the customer will be the same agency that funded the SBIR grant, such as if you have been producing a new technology with military application, it is likely that you will also look to sell to the military, but there is no commitment on their part.

At this phase, you and your product must be as competitive in the marketplace as others.

There are several horror stories out there concerning SBIR grants one being that the agency providing the funding will also acquire the rights to any patents. This is mostly false, but be warned that a contract will be put in place. Usually the contractor can retain title to patents granted for inventions that were conceived or first actually developed when performing work under the SBIR contract. Even when retaining title to the patent, the contractor must grant a nontransferable license to practice the invention to the federal government. The government may practice the invention on its own behalf or authorize others to practice it for the benefit of the federal government.

It is said that the proposal writing and submittal process is torture. This is mostly true. Proposals requirements are very strict. These days, proposals are submitted online and it has been simplified tremendously over the years.

Timing is very important. Each agency only puts out solicitations with topics a few times a year; some only once per year. Proposals must be submitted during a very limited window of time. The websites will specify the dates applicable.

Accountability is a must. The recipient business must comply with Governmental Cost Accounting Principles and be able to provide detailed accounting records to support use of funds.

Here in Utah, we have many outstanding businesses that are involved in medical research, defense, energy and other high-tech fields. For them, the SBIR program has huge potential. Utah businesses have not been strong in the past for receiving SBIR funding, but we are improving. In 2009, over \$13 million in Phase I and Phase II funding was awarded to Utah businesses.

If you believe your business may be interested in SBIR funding, you can find out more at the following websites: <http://sbir.gov/> , <http://grants.gov/> and <http://www.sba.gov/aboutsba/sbaprograms/sbir/index.html>

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