
SBIR/STTR funding

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A new study of the state-of-the-state's technology industry shows that the Tri-Cities placed first in per capita Small Business Innovation Research (SBIR) program awards. The "Index of Innovation and Technology -- Washington State 2003" also reported that our area ranked third, behind Seattle and Spokane, in total number of awards.

Why is that significant? What is the SBIR program, and why is it important to local technology businesses and to the community? Four tech sector leaders offer their perspective on these questions.

The SBIR program and its associated Small Business Technology Transfer (STTR) program are federal initiatives that provide nearly \$1.4 billion in competitive grants and contracts annually to small and start-up companies to develop new products and services based on advanced technologies. Ten agencies participate in the program, including the National Institutes of Health, the Department of Energy and the Department of Defense. Expected soon: the Department of Homeland Security. The number of SBIR/STTR awards "gives a measure of quantity and quality of local, small, advanced technology businesses," said Patricia Irving, chief executive officer of InnovaTek, a Richland firm that uses SBIR to help fund its development of technologies for health, energy and safety.

Irving added that successful tech companies are important to the community because they foster economic growth through high-wage jobs, outsource business to other local firms and generate increased revenue from taxes, facilities and business services.

"There are clear advantages to SBIR/STTR funding, said Tab Wilkins of the Washington Technology Center, a state science and technology organization that helps Washington companies develop commercially viable technologies. Businesses can receive as much as \$850,000 over three years, without giving up equity or acquiring debt, as frequently occurs in angel or venture deals.

"It's an excellent platform from which to establish a high-risk technology or to explore opportunities in other markets," Wilkins said. Having SBIR funding also can lend credibility to the business and can help gain access to government procurement markets.

SBIR: Part of a balanced strategy

Moreover, large companies purchase a lot of technology, and they are looking for acquisition opportunities. "SBIR can be a way to involve your business in that marketplace as well," Wilkins said. He noted that the SBIR program is most effective when it is part of a firm's overall financial strategy, not the sole funding source. Increasing the number of awards is a key goal of the Three Rivers Technology Alliance, a local tech advocacy organization that has selected SBIR awards as one of its measures to track tech sector growth. That's a challenge, according to Jeff

Lubeck, owner of Strategic Business Solutions, a Richland firm that advises clients on government contracting.

With the drought in angel investment and venture capital, applications for SBIR/STTR awards have doubled, yet the funding pool has increased only slightly, Lubeck said. “You’re not only competing against other companies in the same topic area, you also are competing with other companies in completely unrelated topic areas.”

In this situation, proposal quality takes on added importance. Lubeck and Wilkins strongly advise applicants to study current and pre-solicitation information and to invest in the SBIR conferences and workshops that are held regularly around the country.

“That’s where you’ll find the program managers who influence the awards,” Wilkins said. Spend time with them. Get to know what they’re really after in a solicitation. “It’s not about your idea,” Lubeck said. “It’s about meeting the agency’s needs.”

To win, know your customer

Each agency runs its SBIR program independently and has slightly different goals. In commercialization, for example, Lubeck said the National Institutes of Health fund technologies that may interest pharmaceutical companies, while the Navy is a direct buyer of products to put on its ships.

“You have to know the differences and craft your proposals accordingly. Target multiple agencies, but don’t send out cookie-cutter proposals and expect to win,” Lubeck said.

A quick way to locate opportunities from all participating agencies, plus conference schedules, helpful links and tips from the nation’s leading SBIR consultants is the free [SBIR/STTR alerting service](#) provided by the Pacific Northwest National Laboratory.

SBIR isn’t for “hobby inventors,” said Johan Curtiss, at WSU Tri-Cities’ Business Links. “It requires a full time commitment and a team with the managerial and financial understanding to take the product through to commercialization.” Part of that team frequently includes a national laboratory. “Locally, PNNL has experience you can’t find anywhere else and is a resource for assessing the credibility and reliability of a technology,” Curtiss said.

To increase SBIR expertise, Curtiss encouraged the expansion in the Tri-Cities of tech business workshops and mentoring opportunities. Irving echoed the need for “qualified, knowledgeable volunteers to review proposals and help with accounting, human resources, legal and other business practices.”

In the end, “passion for your idea and its significance must come through in your proposal,” Lubeck said. “Believe in your idea!”