



# The When, Why, and How of Grant Funding via SBIR

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The SBIR Coach® is a DBA of The Commercialization Funding Coach Inc.



# The Entrepreneur's Funding Challenge

- Which Funding Source is appropriate for me?
- Will they give me money?
  - You have to satisfy their WIIFM\*
  - You have to be viewed as a safe risk
- Am I prepared to manage their expectations?
- How will they evaluate me?
  - I have a great Power Point show!
  - I have a super Business Plan!
  - They'll love this! Isn't that enough?

**NO!**

All potential funding sources  
will evaluate your readiness  
for THEIR funding!

What's your Funding Readiness Level® ?



# Major Components of the FRL<sup>®</sup>

Level	Technology Readiness Level (TRL)	Business Readiness Level (BRL)
1	Conceptual articulation	Inventor or team with a dream
2	Technology and Applications described	Paper studies and analysis produced
3	Laboratory studies and analysis	Capability for conducting laboratory experimentation
4	Limited capability prototype validation in laboratory (pre-alpha version)	Capability to work limited-scope R&D programs with project teams
5	Full capability prototype validation in laboratory (alpha version)	Capability to support project engineering development and design
6	Prototype validation in <b>relevant environment</b> (pre-beta version)	Capability to support development and design with a <b>market-driven</b> team
7	Actual system validation in a relevant environment (beta version)	Capability to support limited production; full business team in place
8	Initial production and rollout	Capability to transition to full production and distribution
9	Full production mode	Fully articulated business with appropriate infrastructure and staffing



# TRL & BRL Expectations

(from my experiential observations)

Funding source	TRL	BRL
SBIR Phase I Texas ETF Seed	2-3	1-3
SBIR Phase II	4-5	3-4
Texas ETF Commercialization	5-6	5-6
Angel Investor	6-7	6-7
Venture Capital	7-8	7-8

**Approaching a Funding Source when your TRL and BRL do not match their expectations may be a waste of time!**



# Grant Financing

- The granting organization has a goal to achieve
  - Sources: Federal Agencies (SBIR), State Economic Development Initiatives, and Private Foundations
- May be conditions or obligations to meet
  - Eligibility, Required collaboration, Proposal competition, Publishing of results, Use of Funds accountability
- Little or no strings on the money
  - No debt to repay, no equity to give up
  - No expectation of a monetary ROI
- Hoping for a breakthrough development



# When SBIR?

- ⌋ You have a relatively low FRL®
- ⌋ You haven't yet proven that
  - Your product actually works as promised
  - You can profitably produce it in volume
  - Customers will really buy it – and from you!
- ⌋ You're doing something sought by an Agency of the Federal Government



# Why SBIR?

- ⌋ You need up to \$1M to produce a working prototype to validate “proof of concept”
- ⌋ You’re looking for non-dilutive funding at this stage of your evolution
- ⌋ You’d like to be more attractive to equity investors with
  - Leverage from having attracted a willing investor
  - An improvement of your FRL<sup>®</sup>
- ⌋ You’d like to (perhaps) sell your product to an Agency of the Federal Government



# How SBIR?

- Phase I Topics – The Solicitation or RFP
  - Published by each Agency – their R&D needs
  - Some are project specific, others general
- You prepare and submit a Proposal
- They review and evaluate it
- Phase I project selection (*show feasibility*)
  - \$150K – 6 months      $\beta$  vetting of your approach
- Phase II follow-on (*proof of concept*)
  - \$1M – up to 2 years      $\beta$  prototype development



# SBIR Evaluation Criteria

- Significance: *Is the problem important?*
- Innovation: *Will your product make a difference?*
- Investigators: *Is your team qualified for the work?*
- Approach: *Is your project well defined?*
- Resources: *Is your team, work environment and budget appropriate to be able to get the work done?*
- Commercialization: *Do you have a believable business model to eventually turn a profit from this?*



To discuss whether SBIR is appropriate for  
YOUR strategic funding plan, contact:

**Fred Patterson - The SBIR Coach®**

*Helping entrepreneurs and their companies leverage the  
SBIR opportunity all the way to commercialization since 1986.*

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