

Succeeding In The Small Business Innovation Research (SBIR) Program

Since 1982, the United States government's Small Business Innovation Research (SBIR) program has invested billions of dollars in small high technology firms for the development and commercialization of new innovative technologies, services and research methods.

The federal program is more than just government contracting. Although it involves research & development (R&D), it is more than just developing ground-breaking technologies.

SBIR is a business development program. In fact, the funding and the new innovative inventions are expected to be used by a company to accomplish three objectives: earn revenues, attain a profit and grow the business.

In order to meet these objectives, small firms are required to combine their R&D know-how with their business acumen to produce a customer-focused product/service that can be profitably sold into a designated marketplace. More importantly, they must prepare and execute a business plan that leads them from the laboratory/workbench to actual product commercialization.

As presented in AIC's *Growing Your Company With A SBIR Contract/Grant*©, the business plan, which includes marketing, management and financial components, plays a vital role in providing firms with a path way to earning revenues, attaining a profit and growing their businesses.

The chart below demonstrates how a business plan is applied, throughout the SBIR program, to help a company achieve the three objectives.

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	SBIR Phase I <u>Product Concept</u>	SBIR Phase II <u>Product Prototype</u> <u>Development</u>	SBIR Phase III <u>Product</u> <u>Commercialization</u>
	<p>Your firm defines and tests its ideas to turn a concept into a real product/service and a business opportunity.</p> <p>Technical feasibility and market potential are the primary focus at this stage.</p>	<p>Your firm works on developing an actual prototype of its product concept.</p> <p>Function, design, size and other features are incorporated into the product to meet the needs of the potential user.</p>	<p>Your firm introduces the product/service into the marketplace.</p> <p>The new product/service is used to generate revenue that will help grow your company.</p> <p>Profits are achieved when costs are less than revenues.</p>
<u>Business Plan Components</u>			
Marketing	<p>Provides information on identified potential customers, product pricing, product need, competitors and market conditions.</p> <p>This section identifies the business opportunity for the product/service concept.</p>	<p>A cost-effective marketing and promotional plan is developed that will be used to promote, launch and deliver the product to the identified potential consumers.</p>	<p>Promotional and launch activities are implemented to create awareness of the product/service to the identified potential product users.</p> <p>Distribution system is in place to deliver the product or provide the service to the buyers.</p>
Management	<p>Standard operating procedures are used to develop and implement a designed work plan to test the feasibility of the proposed product/service concept.</p>	<p>Standard operating procedures used to develop the product.</p> <p>Controlling and/or reducing personnel and production costs are the primary concern.</p>	<p>Management team focuses on keeping company steady while new product/service is being introduced and sold into the marketplace.</p>
Finance	<p>SBIR Phase I funding is used to support work process.</p> <p>Financial controls (i.e., accounting system) are in place to track costs associated with the project.</p>	<p>SBIR Phase II funding is used to support development process.</p> <p>Internal and/or external funds are also used to cover product testing, production, promotional and product launch costs.</p>	<p>Revenues are generated from the sale of the new innovative product/service.</p> <p>The company's financial system is utilized to track costs, revenues and profits.</p>

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As you see from the chart above, a company's business plan is essential in supporting and leading the firm from product concept (SBIR Phase I) to product commercialization (SBIR Phase III).

The business plan, in other words, offers a company the ingredients for succeeding in the SBIR program.

About the Writer:

Mr. Darrell K. Williams is the founder, president and CEO of Aurora International Consulting (AIC), which was established in February 2007.

Mr. Williams founded and operated the DC-based Washington Emerging Technologies Center (WETC) from January 1999 until November 2006. As a private consulting firm, WETC specialized in helping small high technology companies and aspiring entrepreneurs win and grow their firms with SBIR contracts.

Under Mr. Williams' direction and leadership, WETC won three (3) US Small Business Administration (SBA) contracts to provide outreach activities (training, consulting and information workshops) for the SBIR program in the Washington, DC metropolitan area. WETC also published five original how-to publications and developed innovative consulting services designed to help potential SBIR applicants win contracts.

Mr. Williams has developed an expertise in small business planning, marketing research, market strategy and organizational development by providing direct consulting services.

See how AIC can help your company win and grow the firm with SBIR contracts/grants. You can reach Mr. Williams at staff@auroraintercon.com.