In January, OPN’s Optics Innovations column discussed the dos and don’ts of preparing a winning Small Business Innovative Research (SBIR) proposal. This month’s column elaborates on one important “do”: Think beyond Phase I.

Small Business Innovative Research Programs: Thinking Beyond Phase I

Jay Vizgaitis

The U.S. government’s SBIR grant program is a great way for small technology companies in the United States to fund research and development of their innovative ideas. A good SBIR proposal is written not only with the intent of winning a Phase I award, but of going on to the subsequent phases of the program.

Why is this so important? Phase I SBIR grants are intended as a starting point for small businesses. Very seldom are a company’s goals achievable with the time schedule and financial support associated with a Phase I award. The remaining phases are designed to support the additional time and funding requirements typically needed to transform good ideas into commercialized products. Following are descriptions of each of the phases of the SBIR program (dollar amounts vary between agencies).

Phase I ($70,000 to $100,000): Grantees must prove the feasibility of their concept within six months.

Phase I Option (up to $50,000): Awardees are funded to conduct four months of interim Phase II activities if their project is selected to receive a Phase II award.

Phase II ($500,000 to $750,000): Companies make substantial research and development efforts over two years to meet goals of solicitation.

Phase II Plus/Enhancement ($100,000 to $500,000 from SBIR office to match funds from outside sources): Grantees may receive matching funds to perform additional Phase II work for up to one year.

Phase III (Funded by a non-SBIR federal funding source): Businesses are tasked with commercializing their ideas.

As these descriptions make clear, the majority of money available through the SBIR program is not included in the Phase I part of the contract. Likewise, the expectation of the agency sponsoring the grant is that most program work will not be completed at that stage either. However, the government relies on Phase I to determine whether any of the other program phases will be initiated.

Thus, it is imperative for prospective grantees to think carefully about the whole SBIR program—not just Phase I—and describe their plans in detail in the initial proposal. In addition, enough work should be proposed in Phase I to give the evaluators confidence that both Phase I and Phase II will be successful.

Typically, the majority of grantees’ work is performed during Phase II. Therefore, those who are selected for a Phase I grant can rest assured that part of the reason why their proposal was chosen...
was that it reflects a promising Phase II program developing from Phase I.

Granted, the details of Phase II are based on a separate proposal that is submitted towards the end of the Phase I program. But the work still generally follows from what was described in the original Phase I solicitation. Remember, the evaluators are looking not only for a strong Phase I proposal, but one that will move easily into Phase II.

Another way to think beyond Phase I is to include a proposal for a Phase I Option. This optional contract can be exercised before the end of the Phase I contract, but will only be awarded if the Phase II proposal is accepted. This is extremely important because it means that none of the work performed under the Phase I Option will be used to determine the merit of the program for a Phase II award. The Phase I Option can be used to finish parts of the Phase I contract, but is really designed to be a head start into the Phase II work, and to reduce the time lag between the Phase I and II programs.

Ultimately, the most important thing that prospective grantees should keep in mind when writing their proposal is how to meet the end goal of the SBIR program—commercialization of an innovative idea.

For more information about active SBIR/STTR programs, please visit www.zyn.com.

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