



The Charleston Regional
Chamber of Commerce

ISSUE: CREATING A STATEWIDE SMALL BUSINESS INNOVATION RESEARCH (SBIR) PROGRAM

BACKGROUND

The Small Business Innovation Research (SBIR) program is a highly competitive program that encourages domestic small businesses to engage in Federal Research/Research and Development (R/R&D) that has the potential for commercialization. Through a competitive awards-based program, SBIR enables small businesses to explore their technological potential and provides the incentive to profit from its commercialization. By including qualified small businesses in the nation's R&D arena, high-tech innovation is stimulated and the United States gains entrepreneurial spirit as it meets its specific research and development needs.

The federal SBIR program:

- Provides up to \$150,000 grant fund for a period of 6 months to prove feasibility of a concept (Phase I) and up to \$1M grant funds for a period of 24 months for full research and development efforts (Phase II)
- Targets entrepreneurial sector where most innovators thrive and where the risk and expense of conducting serious R&D efforts are often beyond the means of many small businesses
- The SBIR program helps create high paying jobs around the United States, but unfortunately, West Virginia lags behind peers in the number of SBIR awards and dollars awarded. In the last 4 years, West Virginia businesses have received 21 SBIR awards, totaling \$8,023,229 (comparatively, Kentucky received 92 leading to \$33,013,289)
- Successful state programs around the country typically include assistance for developing and writing applications or matching funds to provide more support to successful SBIR recipients. For example, Kentucky's Matching Funds Program provides up to \$150,000 for Phase I and up to \$500,000 for Phase II SBIR award recipients
- Strong state SBIR programs not only encourage innovation and entrepreneurial activities within a state's borders, but also helps attract and retain start-ups within the state
- West Virginia-based start-ups have considered fleeing to neighboring states to take advantage of matching fund programs

RECOMMENDATION

- Coordinate and promote SBIR participation and education through events and other activities
- Provide technical and consulting assistance to support SBIR application development for entrepreneurs and small companies (up to \$5,000 per application)

- Provide matching funds for SBIR recipients, ideally matching Kentucky's program (up to \$150,000 for Phase I and up to \$500,000 for Phase II SBIR award recipients)
- Consider a public/private partnership model as method of funding the program and activities.
- The funds used for this program can be capped and the program sunset to manage the financial aspects of the program. A program can take time to mature, so it would be prudent to have a sunset provision set for not less than 3-5 years.