

An Assessment of the Small Business Innovation Research Program¹

NATIONAL RESEARCH COUNCIL (NRC) STUDY FINDINGS:

- 1. “The Small Business Innovation Research (SBIR) Program Is Making Significant Progress in Achieving the Congressional Goals for the Program.** The SBIR program is sound in concept and effective in practice. With the programmatic changes recommended here, the SBIR program should be even more effective in achieving its legislative goals.
- 2. Overall, the Program Has Made Significant Progress in Achieving its Congressional Objectives by: Stimulating Technical Innovation.** By a variety of metrics, the program is contributing to the nation’s stock of new scientific and technical knowledge.
- 3. Using Small Businesses to Meet Federal Research and Development Needs.** SBIR program objectives are aligned with, and contribute significantly to fulfilling the mission of each studied agency. In some cases, closer alignment and greater integration should be possible.
- 4. Increasing Private Sector Commercialization of Innovation Derived from Federal Research and Development.** The program enables small businesses to contribute to the commercialization of the nation’s R&D investments, both through private commercial sales, as well as through government acquisition, thereby enhancing American health, welfare, and security through the introduction of new products and processes.
- 5. SBIR Is Meeting Federal R&D Needs.** SBIR plays an important role in introducing innovative, science-based solutions that address the diverse mission needs of the federal agencies.
- 6. SBIR Projects Attract Significant Additional Funding.** SBIR funded research projects enable small businesses to develop the technical know-how needed to attract third-party interest from a variety of public and private sources, including other federal R&D funds, angel investors, and venture funds. The NRC survey revealed that 56 percent of surveyed projects were successful in attracting additional funding from a variety of sources.
- 7. Linking Universities to the Public and Private Markets.** The SBIR program supports the transfer of research into the marketplace, as well as the general expansion of scientific and technical knowledge, through a wide variety of mechanisms. With regard to SBIR’s role in linking universities to the market, about a third of all NRC Phase II and Firm Survey respondents indicated that there had been involvement by university faculty, graduate students, and/or a university itself in developed technologies. This involvement took a number of forms.⁴¹ Among the responding companies—
 - a. More than two-thirds had at least one academic founder, and more than a quarter had more than one;
 - b. About one-third of founders were most recently employed in an academic environment before founding the new company;
 - c. In some 27 percent of projects, university faculty were involved as principal investigators or consultants on the project;
 - d. 17 percent of Phase II projects involved universities as subcontractors; and
 - e. 15 percent of Phase II projects employed graduate students.

These data underscore the significant level of involvement by universities in the program and highlight the program’s contribution to the transition of university research to the marketplace.”

¹ From Mike Squillante, SBTC Board Chair Testimony, March 16, 2011, before the House Committee On Small Business, Appendix H. Original Source: National Research Council, National Academies Press; Charles W. Wessner, *Editor*, Committee on Capitalizing on Science, Technology, and Innovation; 2008; see: http://www.nap.edu/catalog.php?record_id=11989