

Why is the SBIR program so important to the United States?

It permits taxpayers to gain from the:

- *very high productivity of high-tech small businesses,*
- *very high quality of SBIR research, and*
- *very quick response capability (QRC) of small businesses!*

In 1978 the House and Senate Small Business Committees held the first-ever joint hearings to determine why small businesses were locked out of the Federal Research and Development (R&D) programs. They found that the Federal procurement bureaucracies favored large businesses and universities as the “safe for my job” choice, even when small businesses clearly had the superior technology.¹ These hearings led to the legislation in 1982 establishing the Small Business Innovation Research (SBIR) program. The SBIR program has made a small step toward correcting the bureaucratic “market imperfections” which still limit the contribution of high-tech small businesses to the solution of the tough national research priorities.

The SBIR program is extremely productive since SBIR companies produce over:²

- *20 times as many patents per R&D dollar as universities*
- *5 times as many patents per R&D dollar as large companies.*

The SBIR program has been investigated thoroughly and rated highly by GAO:³

“High-quality research. Throughout the life of the program, awards have been based on technical merit and are generally of good quality. For example, in 1989 we reported that according to agency officials, more than three-quarters of the research conducted with SBIR funding was as good as or better than other agency-funded research. Agency officials also rated the research as more likely than other research they oversaw to result in the invention and commercialization of new products...” (Page 3)

“Widespread competition. ... We also found that the agencies deemed many more proposals worthy of awards than they were able to fund. For example, the Air Force deemed 1,174 proposals worthy of awards in fiscal year 1993 but funded only 470...” (Page 3)

“Helping to serve mission needs... Moreover, we found that SBIR promotes research on the critical technologies identified in lists developed by DOD and/or the National Critical Technologies Panel...” (Page 4)

The SBIR program permits Government Program Managers to get innovative new products to the field quickly as demonstrated by the “SBIR Success Stories” at:

- DOD: <http://www.dodsbir.net/SuccessStories/default.htm> 72 cases
- Navy: <http://www.navysbir.com/navysuccess.htm> 107 cases
- Army: <http://www.armysbir.com/commercialization/comm.htm> 145 cases
- DOE: http://www.science.doe.gov/sbir/NEWWEB/success_stories.htm 16 cases
- NIH: http://grants1.nih.gov/grants/funding/sbir_successes/sbir_successes.htm 65 cases
- NASA: <http://sbir.gsfc.nasa.gov/SBIR/successes/contents.html> 528 cases
- EPA: <http://es.epa.gov/ncer/sbir/success/> 29 cases
- USDA: http://www.csrees.usda.gov/funding/sbir/sbir_success.html 16 cases

¹ Source: Honorable Jere Glover, Counsel to 1978 hearings; Former Chief Counsel, Office of Advocacy, SBA.

² See SBTC March 2007 paper, “*Why are high-tech small businesses so important to the United States?*”

³ GAO Report #GAO-05-861T; “*FEDERAL RESEARCH: Observations on the Small Business Innovation Research Program,*” Testimony: Before the Subcommittee on Environment, Technology, and Standards, Committee on Science, House of Representatives, June 28, 2005.