

CONVERTING YOUR INNOVATION INTO A SUCCESSFUL BUSINESS USING SBIR FUNDING

How To Improve Your Prospects For Successful Business Capture and Securing Venture Capital

Presentation to IEEE OCCS, OCCN, LAACN,
& AIAA Enterprise Network

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INTRODUCTION

**– Tonight's Theme – How to go about winning &
successfully using SBIR**

- Many successful SBIR winners, have transitioned to successful growth companies
- Problem - Many more are disenchanting losers
- Why? – The winners did a better job
- OUR SOLUTION - Do a superb job, sufficient to beat the competition!

PROGRAM OVERVIEW - *Winning & Successfully Using SBIR*

- Ms. Vivian Lauderdale – 45 mins.
 - SBIR Program Overview – What it is, & isn't
 - How to Prepare a Winning Proposal
- Dr. Richard Nelson – 25 mins.
 - UC Collaborative Matching Fund Resources
 - Dr. Nelson's SBIR Success Stories & Winning Strategies
- Ron Oglevie – 25 mins.
 - Winning Strategies for Managing SBIR Acquisition
 - Fall SBIR Workshop Interest Survey –
- Questions & Answers

***WINNING STRATEGIES FOR
MANAGING SBIR BUSINESS
DEVELOPMENT***

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WINNING STRATEGIES FOR MANAGING SBIR BUSINESS ACQUISITION

- **WHAT'S A STRATEGY? -**
 - Marshalling forces to win, employing plans to achieve a goal
 - Also, tips, guidelines, & recipes for winning

- **THINK LIKE A BUSINESS PERSON!**
 - Business Plan – Yes, it's a good thing
 - Your SBIR must contribute to your BP goals

- **PLAN TO WIN & FOLLOW THROUGH!**
 - Phase 1 through commercialization

AN IDEAL SBIR COMMERCIALIZATION SCENARIO & PLANNING STRATEGY

- Do enough Phase 1 pre-proposal preparation that you are confident you can follow through to commercialization
- Plan Phase 1 so that that you can declare technical success by the mid-term briefing, & begin discussing Phase II at that time. Get Technical Monitor to approach SBIR Administrators at this time
- Concurrently write Phase 1 final report & Phase 2 proposal & submit before the Phase I money runs out
- Bring commercialization partners onboard, & line up your customers as early as you can
- Continue same strategy on into Phase 2 & commercialization phase

• ***USE STRONG MANAGEMENT DISCIPLINE***

- Commit sufficient resources to win – Time, effort, & budget
- Plan to work within budgets & schedule
- Schedule Discipline
- Start early - big advantage in marketing, teaming & preparation
- Set a schedule & hold to it

• ***DO YOUR PRE-PROPOSAL HOMEWORK***

- Successful proposals requires far more than just proposal writing
- Give them good reasons to pick you – Show them you have a better grasp of the problem than the competition
- Early “storylining” helps avoid “writer’s block”
- Staffing & teaming to fill technical/management gaps – Use consultants when you need them

• *WHAT IF YOU CAN'T FIND A SOLICITATION THAT FITS YOUR NEEDS?*

- Go talk with agency managers, ask for their advice, and create potential product champions --> If they want it bad enough they will find a way to get it
- You can “seed” an SBI R solicitation, white paper, or, RFP
- How to land an (almost) unsolicited SBI R grant, {(almost) sole source}

• **MARKETING TO THE FEDS -** ***How can a technologist do marketing?***

- Two principal functions:
 - ***Intelligence Gathering*** – formulate & ask good questions
 - ***Creating “Product Champions”*** – easy when 2 good technologists are trading thoughts

- See Appendix A for more on Marketing

HOW DO I KNOW IF MY TECHNOLOGY IS GOOD ENOUGH TO WIN?

- **KNOW THE COMPETITION!** -
 - Competing technologies - Understand all the advantages & disadvantages of competing approaches, & how your technology stacks up. Be able to clearly show your advantages
 - Competing companies - hypothesize if necessary
- **KNOW THE MARKETPLACE** -
 - Is there room for your innovation?
 - Who are potential customers & what is their technology mindset?
- **TEST YOUR THINKING** - Try creating your “Compelling Arguments”, then get objective 2nd party opinions

DEVELOP “COMPELLING ARGUMENTS”

- A ***Compelling Argument*** replaces assertions & “trust me” language with facts, data, & clear cut solid evidence supporting your contentions
- Shows you have the “Right Stuff”
- **Ghosts** --> I illustrate weaknesses of the competition

- ***STRUCTURED PROPOSAL PREPARATION METHODS - Key features are:***

- Systematic process for proposal development
- Storylining Approach – Compact shorthand approach for evolving your proposal
- Use of “Traveling Bid Decisions”
- What belongs in each section of the given outline?
- “Proposaleze” – Most terse, & strongest communication vehicles you will probably ever write
- Lots of references & graphics
- Always ask for debriefing, win or lose!

TRAVELING BID DECISIONS (TBD)

- TBDs are a structured method to help:
 - 1. Guide you to a better proposal – helps identify shortfall in pre-proposal preparation
 - 2. Provides more informed basis for throwing in the towel & regrouping
- TBD criterion is based on business planning fundamentals, winning proposal preparation guidelines, & typical proposal evaluation criterion
- See Appendix B for typical TBD criterion

WINNING STRATEGIES SUMMARY

- It may have sounded tough, but don't despair
- It's really easy - easier than many other new business development approaches
- For more see www.aeroweb.space.com & click on SBIR
- Is SBIR for you?

Appendix A -MARKETING TO THE FEDS

How can a technologist do marketing?

- Much different than traditional marketing, goals are:
 - Find & Develop “Product Champions” – Arm them to help sell your agenda
 - Locating the right people – Who is best?
 - Solicitation author, his boss, potential proposal evaluation team members, SBI R Administrator
 - Who is best person to do marketing?
 - Needs to be the most knowledgeable, personable, team member
 - Avoid hard to understand accents
 - Principal Investigator is usually a good choice
(Continued on next page)

Appendix A - continued

- Marketing emphasis switches to “Intelligence Gathering”
 - Formulate & ask well thought out questions (instead of pitching your ideas) – 4:1 rule, 4 hours preparation per hour of discussion
 - These questions will evolve from your proposal storyline
 - Start with clarification of solicitation – a good intelligence workup contains an order of magnitude more information than is contained in the solicitation.
 - Subtly test out your ideas
 - Sometimes you know more about the technology than he does – be prepared to share it
 - Get him past the “FAR fear” (fear of violating the FARs)
 - Understand where they are coming from
 - The language they use
 - What do they expect to see in proposal? (I imagine you are in his shoes)
 - Cultivate another friend & “Product Champion”
- Telecons can suffice – Particularly in finding the right people

Appendix B - TRAVELING BID DECISIONS (TBD)

- What is a TBD? - A Check List of Winning Strategies/Criterion
 - Enhances your proposal by reminding you about things you may have overlooked
 - Helps you to size up your chances for a win, &
 - Can help you decide to throw in the towel before you commit to doing the full proposal
 - Decision criterion are derived from business planning methodology, winning proposal preparation guides, proposal preparation instructions, proposal evaluation criteria, & human psychology
 - Repeat the bid decision process at frequent intervals through the business development process
- How Do I Use the Traveling Bid Decision Process?
 - Prepare a quick proposal storyline (1-2 pages)
 - Try to answer the TBD Criterion questions & evaluate where you are, and whether you have enough of the “right stuff” to move forward
 - If yes, use the TBD Criterion to help you plan how to fill the gaps
 - Repeat use of TBD Criterion at appropriate intervals until you complete your winning proposal (Continued on next page)

Appendix B - TBD Criterion (Continued)

- Does this SBIR project contribute solidly to my business plan?
- Do I have a good pre-proposal intelligence work-up (marketing)?
 - Do I clearly understand what they want and expect?
- Do I have a clear vision of how to carry this work forward from winning proposal development, Phase I, Phase II, & Commercialization?
 - Do I have a commercialization partner, and/or customers for your product or service?
- Do I have sufficient resources (time & money) to do this business development?
- Who/what is my competition?
 - Technological competition - what are the competing technologies?
 - Do I have sufficiently compelling arguments to beat this competition? Is my technology revolutionary (enabling) or evolutionary (just a better way)?
 - Who is my competition in this field?
 - Do I understand what they are doing well enough to beat them?
 - Do I have the right technical & management talent lined up to follow through?

Appendix C - Is SBIR For You? - Summary of Factors to Consider

- The good features:
 - You get paid for developing your innovations
 - Don't have to pay the money back
 - Favorable retention of intellectual property
 - Easy route to sole-source Federal contracts & commercialization
 - Helps attract venture capital
 - Encourages good business practices
 - Generally easier than winning venture capital
- Now the bad:
 - Slower paced development than other capitalization routes – Significant delays between steps & phases
 - You must march to their drummer (schedules)
 - You have to capitalize your own Phase 1 proposal preparation
 - Government business is very different than commercial business (because of FARs) – Need to understand & work within the system