# SBIR Proposal Writing Basics: If at First You Don’t Succeed…

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So you submitted a Phase I SBIR or STTR proposal, and felt very good about your effort. But now you just got a “Dear John” letter from the agency, notifying you that you did not win, you will not be receiving the Phase I award. What do you do now?

The first thing is to realize that this is the norm, rather than the exception. For everyone who wins a Phase I SBIR/STTR award, there are at least four others who are in the same boat as you. Welcome to the club! So don’t get down on yourself, and don’t get cynical about SBIR/STTR, or life in general. Take positive next steps.

So what would those “next steps” be? Glad you asked.

First, be sure to get a debriefing or feedback on the unfunded proposal. The SBIR/STTR programs are structured such that, if you will submit a proposal, the agency to which you submitted owes you either an award or feedback on why you didn’t. This feedback is intended to improve your ability to win “next time.” We’ll come back to what “next time” can mean in a minute, but let’s finish the thought on the debrief or feedback. Some of the agencies provide this feedback automatically to anyone who submitted a proposal—this is more typical of an agency that makes its SBIR/STTR awards as grants (vs. contracts), like NIH and NSF. Other agencies only give you the feedback if you ask for it—that is typical of a contract awarding agency like DOD. When you get the “Dear John” letter/email from DOD, you should also receive information on how to request the debriefing. There is generally a time limit (such as 30 days) after receipt of the “non-award” notice during which DOD is obligated to give you a debriefing. If you missed that deadline, still ask for it—the DOD might be willing to still give you the debriefing.

Second, once you look at the debriefing, decide what you are going to do “next time.” The submission of an SBIR/STTR proposal, and the feedback you get on it, should be a learning experience—your goal is to learn from your mistakes (and from what you did right). What defines “next time” has a couple of parameters.

If the debrief or feedback suggest that the basic proposal was sound but was lacking in relatively few respects, and those errors are fixable, then seriously consider resubmitting this proposal to the same agency. You are allowed to resubmit a revised proposal if a future solicitation has a relevant topic. The granting agencies like NIH, NSF and USDA have broad topics that tend to be repeated, so they are the most likely candidates for a resubmission. Contract agencies like the DOD seldom repeat topics, so if you didn’t win an award on a recent topic, there’s little chance that DOD will have the same topic in the future for you to respond to with a resubmission.

So what becomes “next time” in this situation, where there is no chance to resubmit to the same agency? There are a couple of possible answers. One is to submit a version of the unfunded proposal to another agency that does have a relevant topic, incorporating what you learned from the debriefing/feedback. Another is to take the advice from the debriefing/feedback, and apply it to future proposals on any subject. For example, if the reviewers “obviously didn’t know what I was trying to do,” then that suggests that on future proposals you need to simplify the description, offer examples, or even suggest qualified reviewers to the agency.

Finally, if you see no way to get your innovation funded by an SBIR/STTR agency based on your efforts and the debriefing/feedback you received, then try one more thing. Take a look at your indirect cost rate, and make sure you are including something called “independent research & development” or IRAD in your pricing structure. IRAD is something that can be used to pay for R&D that no client is willing or able to cover. If you include it in your indirect rate, then every time you bill a customer for a product or service, you will be collecting some IRAD. This can then be used to further that innovation that no SBIR/STTR agency seems willing to fund as a project. But beware: the Feds only allow you to charge a “reasonable” amount of IRAD in your indirect rate, and some agencies like NIH and NSF won’t allow you to include IRAD in the indirect rate you charge them. Even if you face this limitation, you have an option left: be sure to charge profit or fee on your work, and plow that money into your internal R&D efforts.

One final thought: paraphrasing something we saw the other day, “A winner is just a loser who tried one more time.” You lost on your attempt to get a Phase I SBIR/STTR project, but you can become a winner if you will learn from your mistakes, try again, and be smart in your retry.