



Financing Plan a Key Part of SBIR/STTR Commercial Plan

SBIR/STTR Program Managers know that their awardee companies will need resources beyond the R&D funding their programs provide in order to successfully commercialize their innovation. In the Commercialization Plan the reviewers expect to see a clear description of the resources the applicant Company expects to need and a credible plan for obtaining those resources. The Financing Plan provides that information.

The typical outline for a Commercialization Plan calls this section “Finance and Revenue Model” but these are actually two separate issues that should each be addressed in its own section. Let’s focus on the Financing Plan first. The “Revenue Model” will appear in a following post.

The Financing Plan section should begin with the Company’s estimate of the *total amount of operating capital* it will need to get the product from *here* to *there*. You can define both here and there. For example, here might be either the *start date* of your Phase II SBIR project or its end date. I’d recommend the start date for reasons described below. “There” is typically the market launch date of the product.

In earlier sections of the Commercialization Plan you have described the Company’s commercialization strategy for the product and perhaps its business model. Based on that strategy there are various implementation activities that might be required, not all of which involve fundraising, such as:

- Developing and testing the product
- Finding licensees
- Recruiting business managers
- Attracting investors
- Securing strategic partners
- Filing patent applications
- Building product inventory

The Financing Plan describes not only *how much* money will be needed but *when* and *where* the funds will come from. An effective way to present an overview of your plan is with a Gantt chart that illustrates the critical tasks, when they will start and how long they’ll last, and (if your plan begins with your Phase II SBIR project) how the business development activities integrate with product development. The example below would be supplemented with details provided in the text, such as the amount of funding raised in each round, and the type of strategic relationship the Company is seeking.

Activity	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Phase II R&D					
Secure Series A investors			*		
Recruit CEO			*		
Sign a strategic partner				*	
Identify contract manufacturer					
Close Series B					*
Sign international distributors					

Will the reviewers expect the milestones to be achieved according to this schedule? *Of course not.* However, is this a *credible* plan? *Perhaps.* Does it support the Revenue Model? *We’ll see next time.*