



Five Tips for Preparing Your SBIR/STTR Budget

A proper budget can be an effective tool in driving the project from start to finish. Here's our advice for getting it right:

1. Develop your budget EARLY! And early doesn't mean 6 days before the deadline instead of 1 day before the deadline. Early means many weeks before the deadline. If you don't plan early you'll have last minute problems. Why? Because your budget must:

- Not exceed the agency specified limits
- Meet the specific mechanism (e.g., SBIR or STTR) requirements
- Support the work you are proposing as confirmed with your concise and articulate budget justification

2. Make sure the direct costs component of your budget is consistent with the work proposed. No one will be impressed if you try and complete 2x the work for the budget proposed. They will instead assume you don't understand the costs associated with the work and that you can't properly manage the project.

3. Make sure you request indirect costs. Without indirect costs you can't support the operations of your company which means at some point you'll cease to be a company. No agency wants to fund a successful project at an ultimately unsuccessful company.

4. Make sure you request fee (profit). Fee is the only component of the budget that is discretionary. There are a myriad number of critical project-related costs that can't be covered under direct and indirect costs. The Fee can always be used for direct costs if needed. But if you adhere to tip #2 then the fee will be available to you to help support other important activities such as those related to commercialization.

5. Make sure you understand the difference between direct costs, indirect costs and fee. In almost every workshop that I conduct someone has the "AHA" moment whereby they realize that although they may have successfully received an award they didn't budget properly, and now their project (or even worse, their company) is in jeopardy for financial reasons. The statement "I didn't realize I could..." usually starts the conversation. Don't let that be you!

Start early. Get educated. Get help.