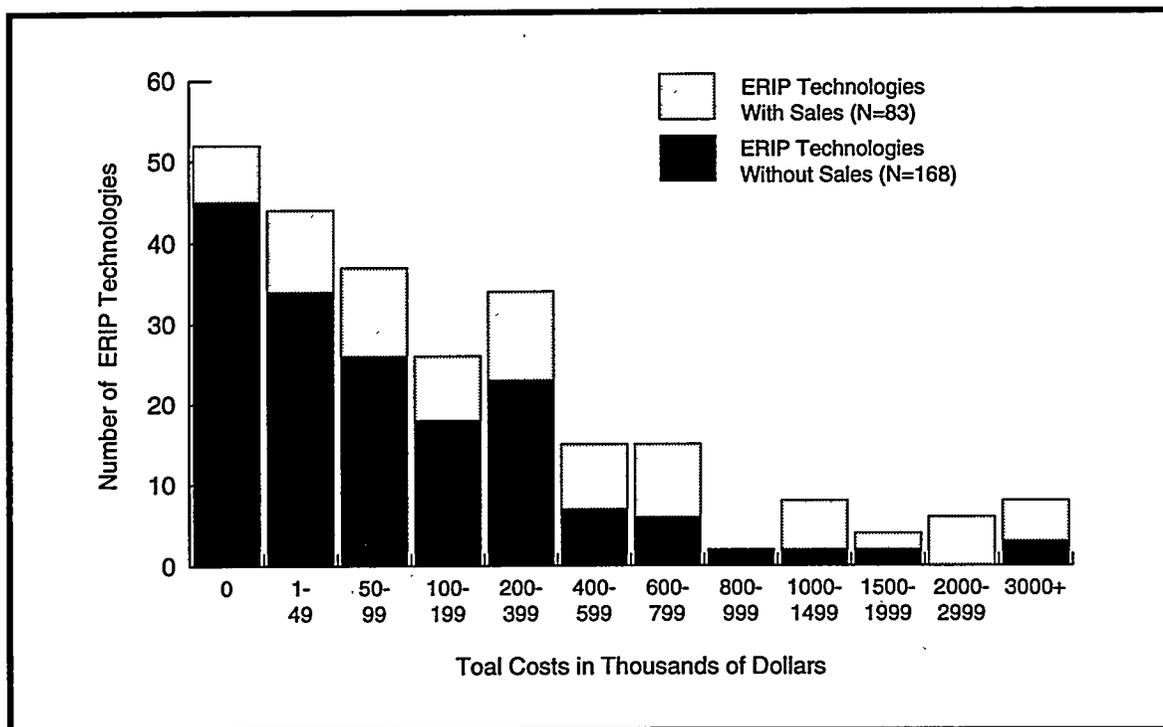


In contrast to the average cost of \$927,000 per invention with sales, the average ERIP grant is quite small. Its importance is due to its timing; the grant often arrives at a critical juncture when the inventor's funds are exhausted and other sources are unwilling to assist.

Significant levels of funding also have been acquired by inventions without sales, although those with sales have attained considerably higher levels of funding. Information on funding is available for 168 inventions that had not experienced sales by the end of 1992. The development of many ERIP inventions without sales has been retarded by lack of development capital. It is noteworthy that some 64% of these 168 inventions raised less than \$100,000 above and beyond DOE's ERIP grant.



<sup>a</sup> Excludes the value of ERIP grants.

**Fig. 6.1 Distribution of Funds Raised by 251 ERIP Inventors<sup>a</sup>**

### 6.3 SOURCES OF FINANCING FOR ERIP INVENTIONS

The financing of small business innovation has been portrayed as proceeding from personal resources and other informal sources of "friendly money" to more formal sources of capital, including equity financing by venture capital firms and stock offerings. Unfortunately, there is little systematic evidence concerning when various sources of innovation financing tend to become available and when they are exhausted. "Start-up" capital has been shown to be dominated by the personal resources of the founder. However, since the start-up phase occurs early in the long process