

of product development, and since in any event many small business innovations are developed by existing companies, start-up capital is only one piece of the financing puzzle.

The ERIP inventors in our sample raised more funding after receipt of the ERIP grant than before (Fig. 6.2). This is true of inventors with sales (with \$465,000 before the ERIP grant and \$471,000 after ERIP grant), as well as those without sales (with \$152,000 before the ERIP grant and \$179,000 after receipt of the ERIP grant). Altogether, the ERIP technologies surveyed in 1993 were able to raise \$3.88 for every ERIP grant dollar received:

- \$0.93 of this was raised prior to application to the Program,
- \$0.94 was raised while their application was being processed, and
- \$2.01 was raised after receipt of their ERIP grant.

Strong anecdotal evidence suggests that ERIP has facilitated the acquisition of funds by program participants. Inventors often comment that participation in the program enhances their credibility with investors.

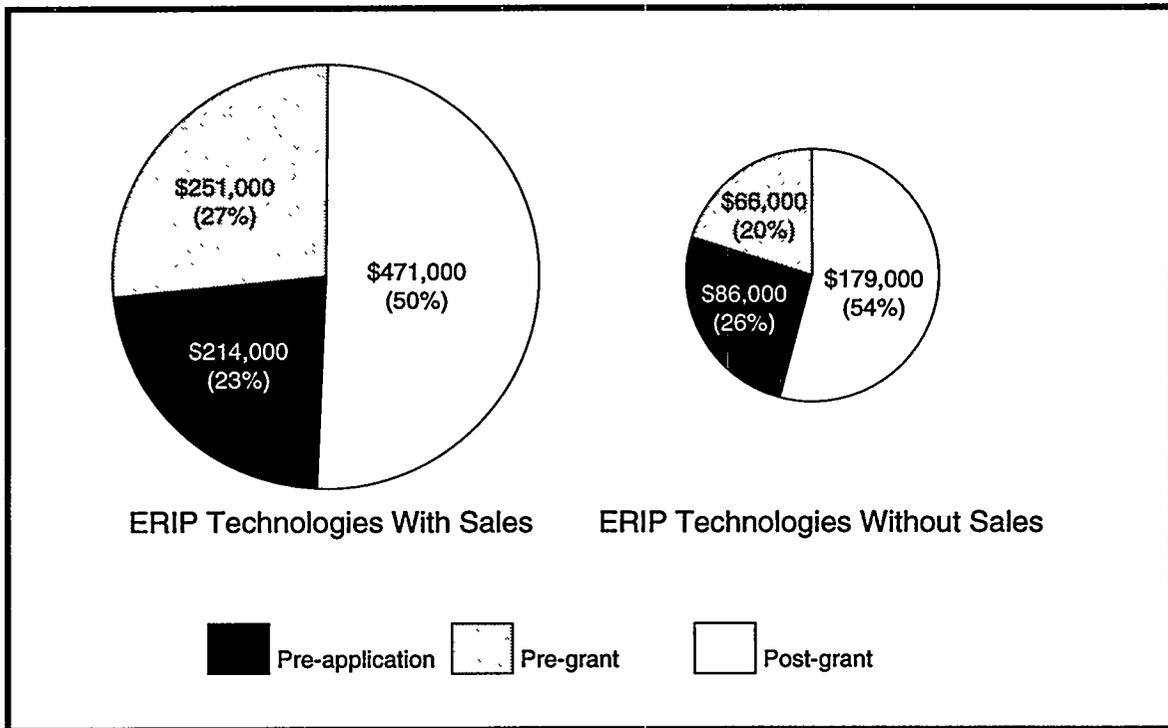


Fig. 6.2 Funds Raised Before and After the ERIP Grant

To facilitate analysis of the sources of funding for ERIP inventions, eight types of financing were studied (see Table 6.1). This classification is used in Fig. 6.3 to characterize funding for ERIP inventors before application to ERIP, during the grant approval process, and after the reception of