

# Funds Available for Innovation

Elliot Schiller

Did you know that last year the Federal Government provided over \$3 billion through the Scientific Research & Experimental Development (SR&ED) program to assist the manufacturing and Information Technology sectors to support the development of, or to improve upon existing products and processes? SR&ED as it applies to the manufacturing sector is the systematic investigation method employed by manufacturers to learn new techniques and to improve upon existing products and processes, i.e. the incremental process whereby a business makes its products “faster, better and cheaper”.

***In the highly competitive domestic manufacturing sectors, if you aren't striving for faster, better, cheaper every day, you are falling behind your existing competitors, and the new technology competitors who are on the way.***

When it comes to developing new products and features and innovations on existing capabilities, the government recognizes that you are most likely not at the same technological competence level as your competitors. Therefore, to receive government funds, your company is only judged against itself. Simply stated, what is considered an innovation for one company might only be routine engineering for another company.

## **Who Qualifies**

Any company that is manufacturing within Canada qualifies for SR&ED funding. While the level of refunds for a Canadian controlled private company (CCPC) are significantly greater than companies classified as “large or foreign owned”, as per the Canada Revenue Agency (CRA) definition of each, all manufacturers are eligible to receive funding for their SR&ED efforts. Further, CRA recognizes that not all innovations eventually succeed. As so accurately stated by Dr. Isaac Asimov, *“The most exciting phrase to hear, the one that heralds new discoveries, is not ‘Eureka!’ (‘I found it!’) but rather ‘hmm....that’s funny...’”* Thus, CRA also provides funding help for attempts at innovations that fail, or have to be tabled until a more appropriate time.

## **What Work Qualifies**

Based on your existing level of technological capabilities, any work that you conduct, or utilize contract labour to conduct, to close a gap in your technological capabilities where that gap is not readily solvable with knowledge that can be found within the public domain, may be eligible.

## **What is Required to Qualify**

In order to ensure that your work will receive all of the funding that it is entitled to, the work must be done through systematic investigation. Specifically, you are expected to begin every project with a hypothesis. “A supposition or proposed explanation made on the basis of limited evidence as a starting point for further investigation” (*Dictionary.Com*).

Then, as further investigation is carried out, your hypothesis

should continue to be modified based on the findings of experimental development (the “ED” in SR&ED) until you either successfully solve your problem, or learn that without something that your shop lacks, the solution cannot be reasonably obtained.

## **Evidence Needed to Qualify**

Not only must the work be carried out in a systematic manner, but, it needs to be documented as such. Specifically, there needs to be an ongoing paper trail showing the date of the initial hypothesis along with the test results and hypothesis refinements through the course of the project. While in the past, this requirement was overlooked or allowed to be put on paper after the fact, this is no longer the case. It is expected that every eligible project will be documented as it progresses, which is often a stumbling block for small businesses. To assist our clients, my firm provides them with our cloud based software product where every step of the process can be documented, either by the client or by my firm on behalf of the client.

## **What is the Monetary Value**

Depending on the province where the work is carried out and the type of company that you are (i.e. CCPC, foreign owned, etc.), funding can range anywhere from 35% - 50% of project costs. In other words, the government will subsidize your shop with almost half the cost of getting “better, faster, and cheaper”. If you have been spending your energy on mastering textile printing or any other product or process improvement, there might be funding help available for you.

It is quite common for business managers not to realise that they are doing experimental development amongst their regular tasks. Signs that you may be doing SR&ED work are projects that run significantly longer than anticipated, projects that fail, projects that go way over budget, and projects that keep you awake at night. There are time deadlines associated with this funding, so, you must act immediately. As Benjamin Franklin said, “you may delay, but time will not”.

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## David Teeger

### Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



## Elliot Schiller

### Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.

As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



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