Getting government funds for your R & D

Let's begin with a discussion of the largest source of funding help for industry in Canada – the approximately \$6 billion that the federal government returns to businesses every year via the Scientific Research & Experimental Development Program (SR&ED). This program has been described as the most important way that the federal government can support Research & Development in Canada. In reality, it is two programs in one. It's either the Scientific Research Program, targeting basic research laboratories (such as pharmaceutical labs), or it's the Experimental Development Program, targeting incremental improvements in the technology you use in manufacturing processes, or to manufacture actual products.

As a business, you typically encounter SR&ED while attempting to do or make things "better, faster and cheaper", typically through innovation (regardless of success or failure) and gaining new technical knowledge specific to your industry. That's what the federal and provincial governments want to stimulate through the SR&ED program. They know that if you keep innovating, you'll win market share, stave off foreign competitors, grow your business, create new jobs (and taxpayers in those jobs), and provide the governments with an excellent return on their initial investment.

While the primary source of government revenue refunds for our clients has been the SR&ED program administered by Canada Revenue Agency, throughout the years there are often short-term opportunities that you can take advantage of. These include various programs from Industry Canada (CATIP, CANTEX), the National Research Council of Canada (IRAP), the Province of Ontario (OIDMTC, SMART), and the province of Quebec (Bill 90, Bill 35, Fashion Design Tax Credit).

HOW TO QUALIFY

In order to qualify for SR&ED, there are five criteria that your project must meet. First, it must have a technological uncertainty. This means that within the constraints of your business situation you would be unable to achieve the required changes or objectives without a clear technological innovation. The uncertainty then becomes whether or not you will be able to develop the required expertise.

Second, was there a planned and logical process to overcome the uncertainty? This includes the development of a hypothesis or idea about how to overcome the uncertainty. While this isn't the specific language that most businesses use, it is definitely the process that's used – even possibly in an informal way. You likely use everyday phrases like "let's try this" or "I wonder if this might work."

Third, did you try to make that idea work through systematic experimentation? The testing of ideas to prove whether they work or not includes analyzing the results of the tests and developing new ideas based on those results. This is often done informally on the shop floor – but it does happen, and that's what's important.



Fourth, did the project result in a technological advancement? I like to think of this as the trick question in the program. What the government is asking you is, did you learn anything? If you answer no, then it was obviously a waste of time – and why should they be funding it? As I'm sure you've all observed, even if you eventually failed or gave up on a specific project, the knowledge that you gained will most likely enable you to succeed in a future project.

Fifth, you must keep accurate records of your work. From the governments' viewpoint, if the only record of what you learned is in someone's head, then that's a poor investment of taxpayer funds. The knowledge learned needs to be accessible to the company, not just the experimenter.

BETTER, FASTER, CHEAPER

Ask yourself, "Do I continue to strive to make my end products better, faster and cheaper?" I suspect you do. Do you sometimes find yourself not able to solve the problem with your current knowledge or resources? Did you sometimes spend too much time or manpower in the process? Did you need to bring in outside contractors to help you? Was your cost of experimental materials consumed significant? All of these are signposts that you may qualify for the SR&ED program. However, like all government programs, there are deadlines that need to be followed in order to claim your funds. You only have 18 months after your year-end to claim your funds before it's too late. If you think you're eligible for SR&ED funding then act now – time is NOT on your side.

Elliot Schiller is a Director at Toronto's Teeger Schiller Inc., a company that specializes in obtaining government funding. His clients receive over \$5 million annually to support their ongoing business innovation. E-mail eschiller@teegerschiller.com or visit www.FundingHelp.ca.



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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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