

Business Accelerator Fund

The Business Accelerator Fund (BAF) is available to Participating Accelerators in Michigan's statewide [SmartZone](#) network. These funds are used toward the delivery of specialized services that are not otherwise available from these Accelerators to assist advanced technology companies. An Accelerator will engage a third party specialist (Service Provider) to help advance the Client's path to commercialization, company success, and economic impact for the state of Michigan. BAF proposals are reviewed and awarded to Accelerators through a competitive process. This program is administered by the Michigan Small Business Development Center in partnership with the Michigan Economic Development Corporation.

Eligibility Overview*

- Early-stage advanced technology company based in, or principal location in Michigan
 - Privately held, for profit and defined as a small business by the Small Business Administration
 - Less than \$1M private sector investments and less than \$2.5M revenue in last 12 months
 - Client must agree to complete semi-annual BAF economic impact/client satisfaction surveys for five years
- Non-compliance with MEDC or other state programs may affect eligibility

*Your Accelerator will provide a detailed list of eligibility requirements

Targeted at Advanced Technology Companies

- Companies in which research and development brings forth an innovative product or process. The innovation typically involves intellectual property that contributes to a strong competitive advantage in the marketplace, and serves as a foundation for a high rate of growth.

Examples of Acceptable Specialized Services*

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| • Develop market plans | • Logo design |
| • Conduct market study/market research | • Technology validation/product testing |
| • Develop financial model | • Conduct patent search |
| • Cover legal costs for: strategic licensing agreements, bringing on key employees, or equity agreements with C-level talent | • Regulatory consulting |
| | • Technology consulting |
| | • Engineering services |

*Services are considered in context of Accelerator proposal. The Accelerator Manager will work with Client to identify services.

Submission and Review Process

- SmartZone Accelerator submits proposal to the SBDC BAF Manager and includes the following:
 - Cover letter from the Accelerator which includes: Overview of Accelerator Engagement (the specialized services); Milestones; Leverage (match); Company Description and Potential for Success; Potential for Multiplier Effect (economic impact)
 - Client's Executive Summary (no longer than 5 pages)
 - SBDC Client Intake Form & Client Consent Form
 - Requests over \$15,000 require a 1-page description/bio of service provider(s) and full scope of work from Service Provider

- After submission is accepted by BAF Manager:
 - 2-4 week response time. Reviewed by 3 Accelerators and requires a 2/3 majority vote for approval. The SBDC is not involved in individual funding decisions.
 - If approved, BAF Engagement signed by Client, Service Provider, and Participating Accelerator
- When approved BAF engagement is complete:
 - Upon completion of the services as described in the BAF proposal, the client will provide the Accelerator via letter or email acknowledgement that services were completed satisfactorily.

How it Works

The Business Accelerator Fund (BAF) is a program designed to allow SmartZone Participating Accelerators (Accelerators) to deliver specialized services that meet their Accelerator Client's (Client's) specific needs to advance their product's commercialization. Important facts to understand how funds are distributed:

- Upon approval of an Accelerator's BAF proposal for services, funds are allocated to the Accelerator.
- After specialized Service Provider(s) satisfactorily render(s) services to the Client, the Accelerator is reimbursed for the payment(s) they made to the Service Provider(s).
- Money to deliver the identified specialized service(s) is awarded to the Accelerator not the Client.

In order to participate in this program, a company must be an Accelerator Client. As a Client, a company has access to the Accelerator's standard service offerings. If specialized commercialization services are identified as the Accelerator works with their Client, the Accelerator may submit a proposal to engage a specialized Service Provider to the (BAF) Manager for review. Again, this is a competitive process and must be approved by two out of the three Accelerator peer reviewers.

Because the Accelerator is the applicant for this program, they are responsible for identifying if their Client is eligible for the program as well as the quality of the proposal. Accelerator and Client will work together to put the best proposal forward. The Accelerator is responsible for identifying the nature and amount of specialized services to be provided as well as for choosing the Service Provider(s) (or conducting reasonable amount of diligence if chosen by their Client.) The Accelerator is responsible for making sure their Client is receiving ongoing support so the Client and Accelerator must stay in communication with each other. Each Accelerator has its own unique requirements and expectations of their Clients and can terminate a BAF engagement if the Client is not fulfilling its obligations.

The BAF program cannot provide grants to companies; therefore, there are limitations on certain services such as product development or prototyping, and "general company expenses" as well as "non-custom" items such as advertising and trade show fees, which are not allowed. Debt or equity programs tend to be more flexible and may be more suitable to address certain company needs.

The BAF program is for advanced technology companies. It is expected that Clients will have conducted research and development leading to a technology breakthrough that can support high potential commercial opportunities. Companies that have developed new innovative products that do not involve a technology breakthrough may be supported, but at lesser amounts.

BAF engagements for services are milestone focused – the services provided will help the Client achieve important milestones such as securing new customers, significantly ramping up sales, raising outside investment, securing an important strategic partner, etc. The larger the BAF engagement for services, the more impactful the company milestones will be.

Further details regarding the BAF program can be found in the BAF Proposal and Review Guidelines which is available from the Accelerator. Accelerator staff will work with Clients to navigate the complexities of the program, make the best use of their Clients' time, and get the best results.