Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Collaborations:
Guidance on Conflict Management Considerations

Reason for this Guidance

Harvard University collaborates extensively as a subcontractor with small businesses receiving funding under the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) federal programs. The SBIR/STTR program’s stated purpose is to strengthen the role of innovative small business concerns in federally-funded research and development. SBIR/STTR awards are limited to U.S.-based, for-profit small businesses. Small businesses receiving STTR funding are required to subcontract a minimum of 30% of funding to a non-profit research institution. Small businesses receiving SBIR funding are not required, but often choose, to collaborate with universities and other non-profit research institutions.

Participation in these programs involving University faculty and small businesses can create a conflict of interest on the part of the faculty member, particularly if that faculty member is a co-founder and/or has an equity interest with the small business. The following guidelines may assist faculty in their consideration of entering into such relationships in order to ensure compliance with all federal regulations and University policies concerning conflicts of interest.

Financial Interest reporting Requirement

In accordance with the University Policy on Individual Financial Conflicts of Interest for Persons Holding a Faculty and Teaching Appointments, all holders of faculty or teaching appointments and any investigator applying for or receiving funding from the U.S. Public Health Service (PHS) (including the National Institutes of Health and the Centers for Disease Control and Prevention), sponsors adopting the PHS regulations, or the National Science Foundation (NSF) must submit an internal, confidential report of their and their family members’ significant financial interests in the preceding twelve months in any related outside entity.¹

Management of Identified Conflicts of Interest

¹ School policies and implementation plans may require the disclosure of certain significant non-financial outside interests.
A financial conflict of interest may result when the report includes a financial interest in a small business which receives SBIR or STTR funding, and the small business would like to issue a subcontract to the University. The conflict of interest must be managed by the School’s Designated Institute Official in accordance with the School’s policies and procedures prior to the award initiation. Conflict management plans may include, but is not limited to, the following requirements:

- **Elimination of conflicting role:** The investigator may be requested to forgo any fiduciary role with the small business while the proposed research is active. Alternatively, the investigator may be requested to assign an alternate faculty member to serve as the principal investigator for the University research.

- **Clear delineation of roles:** The proposal must clearly delineate the roles of each scientist under the grant. No individual shall have a scientific role simultaneously in both the small business research and the University research. In addition, small business research must occur using the small business facilities and personnel rather than University facilities and personnel. University research may utilize University facilities and personnel.

- **Outside oversight of science:** A University faculty member who does not have a significant financial interest in the small business should be appointed to act as a scientific arbitrator of conflict of interest related concerns for the project. The arbitrator should serve as a contact for the University personnel and a reviewer of draft manuscripts, presentations, and completed data for possible bias.

- **Increased reporting:** In addition to clearly delineating roles in the proposal, more frequent reporting or meetings at the School level may be required.

- **Public disclosure:** Written disclosure of a financial interest in the small business shall be required to collaborators and mentees and in publications or other public presentations of research results.

**Applicability**

This guidance is applicable to faculty and investigators at the University who participate in an SBIR or STTR collaboration in which they have a significant financial interest, such as serving as a co-founder or having an equity interest in the small business collaborator. Each of the School’s Designated Institute Official shall manage conflict in accordance with the School’s policies and procedures.

**Responsibilities**

*Faculty and Investigators – University faculty and investigators* are responsible for submitting their annual financial interest report in accordance with their School’s policies and procedures. In addition, faculty and investigators should seek advice from their School’s Designated Institute Official to discuss any potential conflict of interest concern. Faculty and investigators should consult with the Office of Technology Development regarding any potential licensing or intellectual property concerns.
**Designated Institute Official – The appropriate** School’s Designated Institute Official will manage the conflict of interest in accordance with their School’s policies and procedures.

**Definitions**

“**Financial conflict of interest (FCOI)**” means a significant financial interest that could directly and significantly affect the design, conduct, or reporting of research.

“**Investigator**” means the project director or principal Investigator and any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research.

“**Significant Financial Interest**” includes, but is not limited to, (1) financial compensation, including travel, from consulting, employment, managerial, and fiduciary relationships that, when aggregated over the preceding twelve months, exceed $5,000; (2) equity and other financial interests above $5,000; (3) equity interests of any amount, or entitlement to the same, in a non-publicly traded, for-profit, entity; and (4) intellectual property rights and interests (e.g. patents, copyrights), upon receipt of income related to such rights and interests. “Financial compensation” does not include, for example, interests of any amount in diversified financial holdings, or royalties or other remuneration paid by the University.²

**Additional Links**

- [Harvard University Policy on Individual Financial Conflicts of Interest for Persons Holding Faculty and Teaching Appointments](#)
- [Information on Startup Ventures](#) (Office of Technology Development)
- [Guidelines for Research Projects Undertaken in Cooperation with Industry (Faculty of Arts and Sciences “Grey Book”)](#)
- [SBIR/STTR General Program Information](#)
- [SBIR/STTR Program Solicitations](#)

² School policies may use a different definition of “significant financial interest”.

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