

MARKETING Q AND A (10/14)

The Q&A herein are excerpts from “Technology Commercialization Manual. Strategy, Tactics, and Economics for Business Success.” (www.tclearningcenter.com). Notation after each heading reflects the (# of excerpts/total Q&A).

The Q&A are for information only. Seek legal or accounting advice for specific situations.

1. How should one assess the technologies they have?

There are a number of ways to assess the technologies, but one of the key aspects is what kind of “real” improvement the technology provides over existing technologies and how close the technology is to being commercially viable. For example, “What quantifiable benefit does it provide for cost, time savings, complexity, etc?” and “How entrenched is the existing technology in the market?” In a capital-intensive field, entrenchment of competition can be incredibly important. Some evaluators complete two technical and business feasibility studies for every promising Intellectual Property (IP):

- a. the first study is exploratory yet complete enough to determine if the subject IP warrants further investigation and allocation of resources; and
- b. if the IP passes the first test, determine what requirements the IP must satisfy and by when in order to justify another, more thorough examination of technical and business merit.

Upon successful completion of these two hurdles, the IP is considered worthy of its own business plan for development, manufacture and/or commercialization. A majority of IP would never pass this phase if they were to be evaluated correctly, thereby wasting valuable, scarce resources that could have been better applied to the truly worthy IP.

2. How does one find a prospective market for these?

Go through a number of channels; however, this is heavily based on primary research and covering all of the potential markets.

Successful asset review will include identification and evaluation of the potential market opportunities, present market entrants and their relative strengths/weaknesses, unmet customer needs, environmental and other regulatory trends, etc. It is a clear, objective road map. Once you know who the key players are, then it is much easier to approach them.

A very important element in this selection of market candidates is to be creative, innovative and practical.

3. How should one approach a prospective buyer?

Obviously, there are some right and wrong ways, but most of it comes down to finding the right person and then approaching them in a professional (yet promotional) manner.

There are many innovative and practical ways. However, once you identify an interested party, you must provide them with the "right stuff" or you just closed the door (at least for a while) with said company.

The right presentation includes the professional development of a promo package, which provides a prospective party with easy to understand, clear and compelling evidence of the merit of said IP and why they should seriously consider it. If it is possible, have available working, functional prototype products for evaluation.

4. Should one find an "agent" to help find buyers?

Agents have their place, but usually the answer determines on how much help you need, based on your own capabilities; i.e. if the applications or industries that you are targeting are broad, an outside perspective can be very helpful. The issue is also - when do you need

something more than an “agent”? Agents may not have the time or incentive to go beyond a somewhat basic search for a licensee or partner and don't have the resources to cover licensees overseas or in industries outside of their traditional expertise.

Once you know the relative value of your IP, then you must determine if you have in-house the required resources for commercializing the subject IP. In today's fast changing business environment, it is probably to one's advantage to get expert assistance instead of trying to learn and do everything yourself. That is, time is probably much more valuable than the cost incurred to hire an expert.

It is important to team-up with an agent using the "Win-Win" principle. The basic question needs to be: "What's in for all of us?" not only "What's in for me?"

Find an agent who a) is qualified, b) clearly believes in the value of the IP (you will never sell anything that you do not believe in), c) knows that they will be 'fairly' compensated if and/or when the IP is commercialized, etc. and d) is capable to contribute toward improving, fine-tuning and fortifying your IP and respective products (this requirement is rather rare to find but you should always try.) That is, always look for a product designer or development engineer or marketer or salesperson not just a salesperson.

5. Should one "tailor" their technology to a potential buyer?

The technology should be tailored to a commercial application insofar as it is possible. This usually means the technology is tailored to a group of buyers, yielding a higher valuation of the technology, especially in a competitive bidding situation.

The above promotion package must be tailored first to a specific market segment and then further custom-tailored to the needs of a specific prospect. It is very similar to the development of a resume or CV.

6. How should one approach negotiation of contract terms?

Make sure you have someone on your side that knows a thing or two about negotiations and has done their research on past cases with similar technologies/licenses.

Successful negotiation is both a science and art. The more you know about the prospective party's needs, desires, business objectives, etc., etc. the better you are going to be. Also, you must have a very clear picture of your own expectations, bottom line requirements, etc., etc. You might consider putting these negotiations in the hands of experts otherwise you risk loss of a potential deal and/or leaving money “on the table”.

7. What are the pitfalls of technology commercialization?

Many inventors think they can do it all on their own...The main thing is to cover all potential targets and not give up too soon. It can often take a long time to be successful; so don't expect overnight success. Examples of individual faults are:

- a. unwillingness to share with others who have ability to help maximize the value of IP by licensing and/or commercializing it. Wanting everything for themselves is foolish because at the moment they own 100% of nothing whereas if the IP were managed by the right people, it could be worth more;
- b. trying too quickly to sell/license the IP without completing correctly technical and business feasibility (phase one.) So, value is unknown;
- c. promotional packages for licensing the IP are poor;
- d. failure to engage qualified experts when absolutely necessary; and/or
- e. having unrealistic royalty expectations, thereby not knowing when to say "Yes" to an offer.

8. You want to market new educational software for delivery of educational and training material.... The questions are: How should you market this idea to the business

community? What businesses and which people in the respective companies do you need to contact to make my pitch?

The basic rules of marketing may not apply. If you have a new concept for a band-aid, the "basic rules of marketing" would dictate that one broadcast the features and benefits to all band-aid manufacturers. A proper licensing strategy is to find the one "best" prospect. Know who the final customer is, how many there are and how you will reach them.

“Getting to know” is completed in early stages of invention ...not the marketing stage. (Otherwise, why pursue the invention?) How you will reach the final customer is the job of your licensee.

Clarify difference between manufacturing (and marketing) your own "product", or marketing your "concept" to manufacturers. The "concept" buyer is just an intermediate step to the final customer. The concept buyer (manufacturers/licensees) is your “customer” and may have a totally different list of objectives than the consumer (final customer). Selling to the concept buyer differs from satisfying needs of the consumer. They will be responsible for the needs of the others in the “food chain”. If your project does not meet the criteria of the manufacturer, the sales force of the manufacturer, and the retailer ...you are dead meat!

The sales force of the manufacturer is the most difficult (and most important) group to please (read that as "motivate") ...They sometimes have requirements for products that defy the laws of gravity. Satisfy them; and you have a winner.

The consumer is the easiest ...just examine what they buy! ... However, if your project doesn't offer the correct profit margin or incentive for the salesperson you should pack up and pull out immediately!

There is no formula for this ...every company is structured differently. The best strategy is to reach the highest officer of the company. Many times they (or their assistant) will recommend you to the correct person within the company. If the CEO is out of reach, ask to speak to the head of marketing or commercial development.

Note that once you reach them, do not send them your patent number or a copy of the patent. Save that for later. Establish interest first.

9. You have just finished testing the prototype of a new heat exchanger, and are trying to find out what is needed to commercialize this heat exchanger. What should you do?

Get free publicity, and see what develops. To get free publicity:

- a. Develop a list of all trade journals whose readers would be interested in the new product. Try for several journals - maybe as many as 25;
- b. Phone advertising departments of these journals, and ask for a media kit. They will have a couple of sample journals;
- c. Read journals to determine if they have a new products section;
- d. Write a new product news release using the samples as your guide. Do not write this like an ad. It must be news. Mention "For more information contact _____";
- e. Call the new products editor and ask what kind of photo is preferred if the media kit does not contain instructions for new product news releases. Usually this is a 5 by 7 black and white, but check. Also, this gives one an opportunity to get the name of a contact. Send release to this person; and/or mail all releases simultaneously (This is important since old news is no news).

10. What makes a great ad?

It works, the phone rings your web site gets hits and buyers come to purchase. Poor advertising is clearly a disappointing experience. After spending hard-earned ad dollars with high hopes, you get only a hit in the face with a complete lack of response.

Three ways to make an ad a moneymaker:

- a. What means the most to the best prospects?

- What is offered that the prospective customer will value most?
 - State “best bet” benefit clearly and prominently in ad.
 - If plenty of ad space or radio time, repeat the benefit at least three times.
- b. Inform the prospect of what is wanted. Ads that don't come right out and ask for the sale usually fall short.
- Tell prospect to buy
 - Why they should buy
 - How they should buy
 - When to buy
 - Examine pricey ads designed for big companies. They almost always tell exactly who they think needs the product or service, which store or web site it can be bought from, how to get to that location, what kind of credit cards or financing is accepted, and when offer will begin and end.
- c. Pick your advertising media carefully.
- Don't advertise a specialty service for a particular industry in a daily newspaper unless the city is dominated by that particular industry.
 - Chose a trade publication that specifically targets that industry