

Business finances and commercialization

Source:*https://sbir.nih.gov/sites/.../Commercialization-Plan_clean.docx*

- The commercialization plan should offer a clear and concise description of the proposed work's market potential and the planned path to commercialization
- The Commercialization Plan should illustrate your vision for the enterprise and how the proposed innovation fits into the future market.
- This goal could be achieved through clearly articulating a compelling value proposition for your intended customer.

- Central goal is for the company to create value for its chosen customers. Value is created by meeting customer needs. A company needs to define itself not by the product it sells, but by the customer benefit provided

5 C's	
1) Customer Needs	What needs do we seek to satisfy?
2) Company Skills	What special competence do we possess to meet those needs?
3) Competition	Who competes with us in meeting those needs?
4) Collaborators	Who should we enlist to help us and how do we motivate them?
5) Context	What cultural, tech and legal factors limit what is possible?

Keep in mind:

- 1. Customers are sensitive to price
- 2. Economies of scale are important
- 3. An adequate production capacity should be available
- 4. Threat of competition should be addressed

Parts of the plan

- Value of the project, expected incomes and impacts
- Company overview
- Market customer and competition
- Intellectual property protection
- Finance plan
- Production and marketing plan
- Revenue stream

Value of the project, expected incomes and impacts

- What is important?
 - Commercial and societal benefits
 - Competitive advantage over existing technology
- Outline:
 - Overall goal/objective
 - The product, the problem it solves, and benefits
 - History/past data suggesting a problem
 - The advantages compared to competing products or services
 - Recent advancements
 - Commercial application
 - Market potential, future markets, new research
 - Non-commercial impact

Company overview

- What is important?
 - Relevant commercialization capabilities of your team
 - Product lines that show successful market implementation
- Company information including:
 - Corporate objectives
 - Core competencies
 - Present size, products/services with significant sales
 - History of previous Federal and non- Federal funding
 - Regulatory experience
 - How the company plans to develop from a small technology R&D business to a successful commercial entity

Market, customer and competition

- What is important?
 - Know your market and market needs
 - Identify main customer bases
 - Know your competition
 - Look into what similar competition has done and amount of the total market they are attracting
 - Reiterate the need for the product and address your competitive advantage
 - Consider if collaboration/ partnering is strategically smart for you and if so explain why
 - Describe your market and sales strategy

Market, customer and competition

- Company analysis
 - Corporate strengths and weakness need to be understood. Assessing product/company fit requires an understanding of the finances, R&D capacity, manufacturing capacity, and other assets of the firm.

Market, customer and competition

- Competitive Analysis:
 - Identify both current and potential competitors. Competitor's strengths and weaknesses must be understood to seek differentiating possibilities.
 - It is very important that you understand and know the competition.

Market, customer and competition

- Collaborator Analysis:
 - Two key collaborators are the retailers and suppliers. With respect to the trade, the firm must understand their cost structure; expectations about margins and allocations of task; support and training requirements; and the nature of their relationship with the firm's competitors.

Market, customer and competition

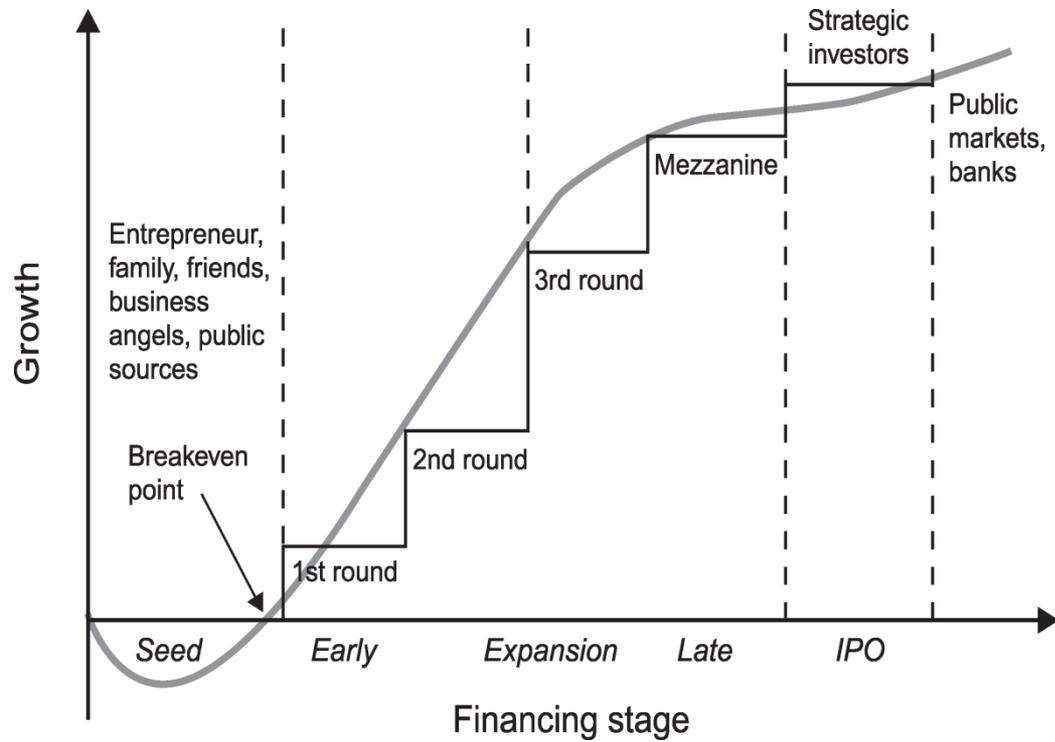
- Context Analysis:
 - Politics, regulation, law, and social norms are not fixed features of the marketing landscape, but factors to consider and monitor for signs of disruption

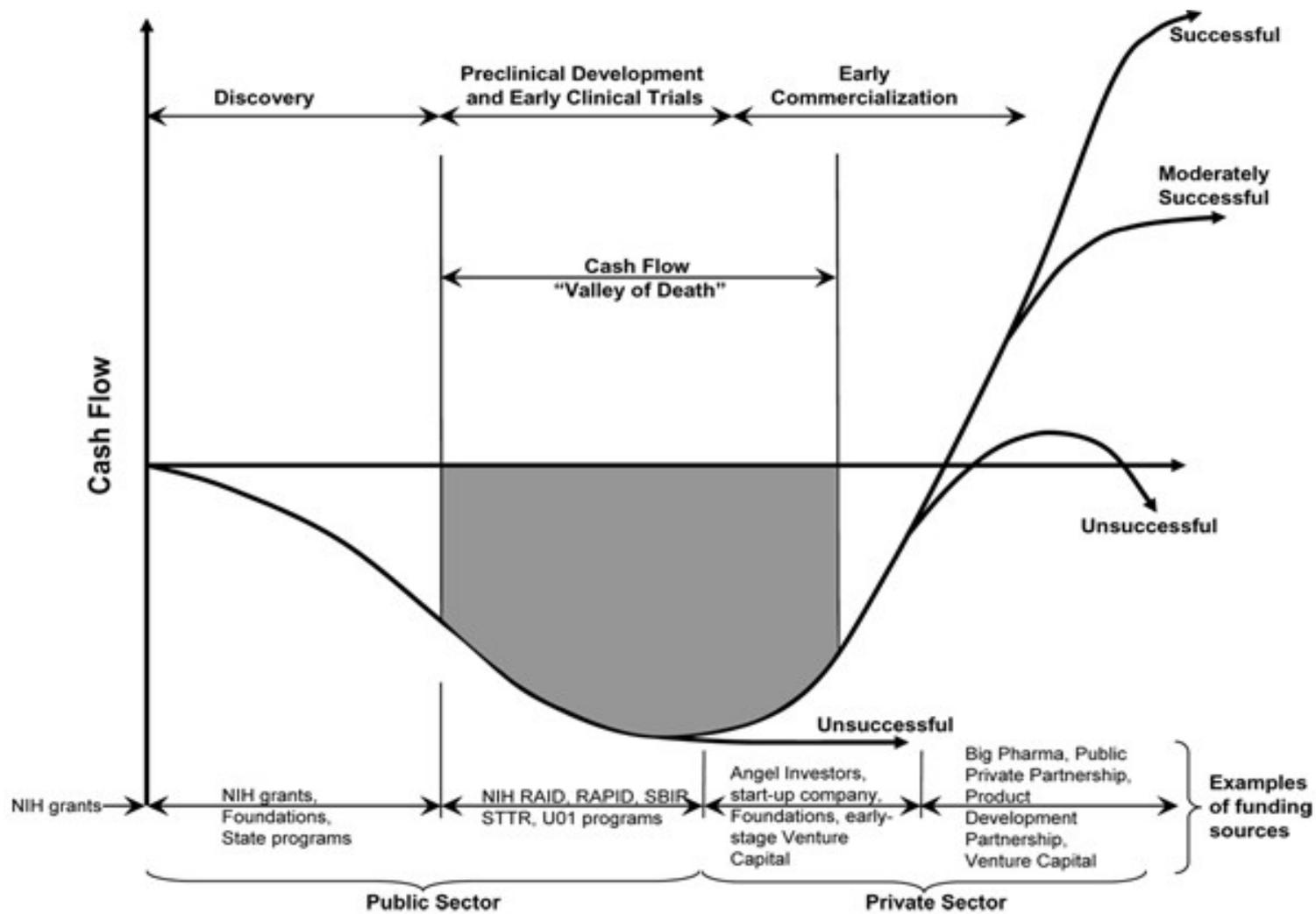
Intellectual property protection

- This section should summarize how the company will protect the intellectual property that enables commercialization of its products while keeping competitors at bay
- List current patents or describe how the company plans to protect the IP

Finance plan

- Start off with estimations of raised financing broken out by the different phases. The assumptions in phase II/III should identify the timing of the financial event(s) and milestones the company hopes to achieve in the forecasted time period. These should clearly describe the timing and financial needs to commercialize the product, process or service





- Source of funding:
- private investors or “angels”; venture capital firms; investment companies; joint ventures; R&D limited partnerships; strategic alliances; research contracts; sales of prototypes (built as part of this project); public offering; state finance programs etc.

Production and marketing plan

- Describe how the production of your product/process/service will occur. Describe each step involved with taking your product to the market to sell which may include plans for licensing or internet sales.
- 4P's
 - 1. Product
 - 2. Place (Channels of Distribution)
 - 3. Promotion (Communications Strategy)
 - 4. Pricing

Production and marketing plan

- Important questions:
- 1. Which potential buyers should the company attempt to serve?
- 2. How much customization should the firm offer in its programs, i.e. at which point on the market continuum will the firm construct plans:

Mass Market - Market Segments – Market Niches – Individuals

Production and marketing plan

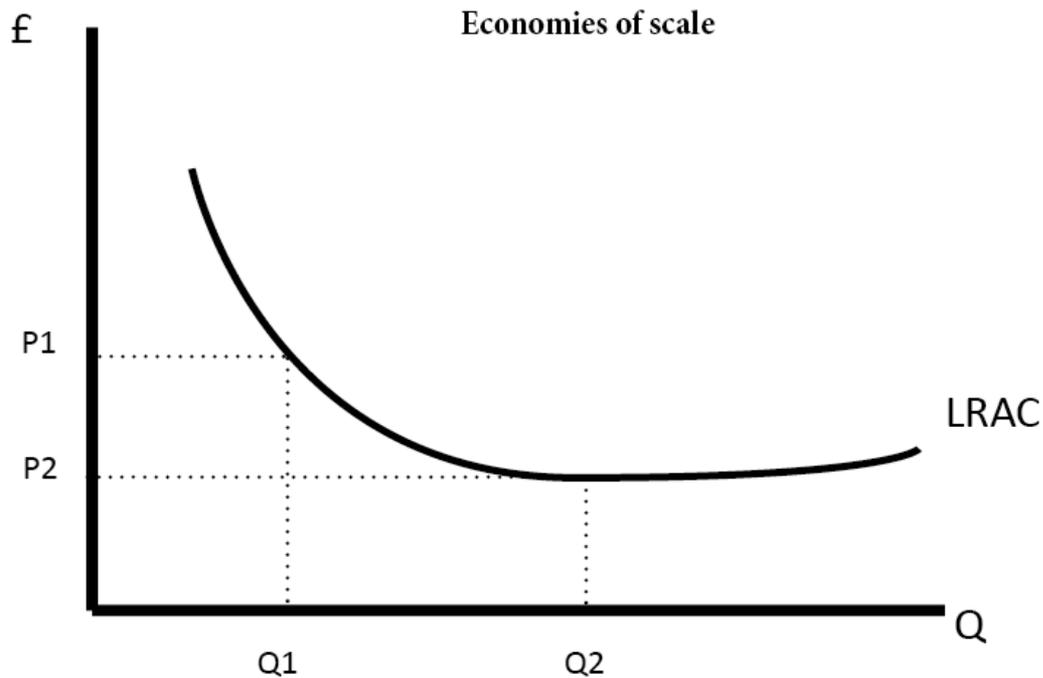
- **Product:** Should not be the thing itself but rather the total package of benefits obtained by the customer. After introducing a new product to the market there should be a process of Product Life Cycle Management where the company continually tries to learn more about consumers from their reactions to the introduced product.
- **Place:** The marketing channel is the set of mechanisms or networks from which a company takes their product to market with its customers for a variety of tasks.
- **Promotion:** Determining the appropriate ways to communicate with customers to foster awareness, knowledge about its features, interest in purchasing, likelihood of trying the product and or repeat purchasing.
- **Pricing:** The value of the product can come from the customers perception or the actually product.

Revenue stream

- This section describes exactly how you plan to make money selling your product.
- A clearly laid out explanation on how you plan to generate a revenue stream may incorporate many tools such as revenue model estimations, charts, and graphs to display timeline goals. If a market is large and fragmented enough a potential option would be to partner with other companies with a proven history of generating revenue. Also take note of whether the company is a well-diversified company that has multiple products with few shared risk factors, or if the company is developing a single product where the risks may be more centralized.

Economies of scale

- occur when increased output leads to lower unit costs. (lower average costs)
- Competitive advantage



BEP – Break- Event point

- is the point at which total cost and total revenue are equal. There is no net loss or gain, and one has "broken even," though opportunity costs have been paid and capital has received the risk-adjusted, expected return. (www.en.wikipedia.org)

