

Cross Over The Bridge

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A good friend of mine who happens to be in investment banking uses the term “cross over the bridge” when referring to start up companies entering the market place and need investment capital.

What does he mean in this context?

To understand and to provide some guidance to those persons or startup firms who have a potentially unique product or service offering idea, this column will provide some situational guideposts.

If you have read some of my past columns I refer often to the always attributable three questions one must answer to qualify a product or service idea as a “real” opportunity:

1. Is it real?
2. Can we win?
3. Is it worth it?

The first question, “Is it real?,” deals with the sub-questions, “Is the market real?,” and, “Is the product real?”

Let’s assume in the market, there is a bona fide need and or want; the customer can and will buy; there is a product idea and, it can be made. What more could we need to bring this product to market successfully?

Well, we have one more critical sub-question to answer and two more major questions to address before we can cross-over-the-bridge into a successful product and or service launch.

The ultra-critical sub-question is the last part of the, “Is it real?,” question, and is, “Will it satisfy the market?”

An offering organization can perform all the lab tests it desires, including scale up into a product offering but, if the product is not fully vetted in and of the commercial market environment by the targeted end-users and on their terms, it cannot cross-over-the-bridge successfully.

This stipulation is especially true in mature industries such as the appliance, agriculture equipment, extruded mill shapes and yes, the paints, coatings, adhesives and sealants industry. These industries have, in their collective minds, “seen it all” and they want proof of performance on their terms, and until totally vetted by this industry, it’s a “lab curiosity.”

The options left to these innovative startups are:

Making the transition from idea to the marketplace.





DECISION CONSIDERATIONS

CONSIDERATIONS

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1. Have the product totally vetted by the target industry.
2. Select one downstream target company and joint venture (sharing costs/profits) for a defined time period.
3. Go downstream and perform the func-

4. Wait until Santa Claus comes along with bags of money and asks no questions about the industry acceptance, requires no return on investment and will continue to provide funds indefinitely.

In summary, until a product becomes fully vetted by the target industry, in some manner, all the other subsequent questions—"Can we win?" and, "Is it worth it?"—become immaterial and the offering cannot cross-over-the-bridge. **CW**



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