Making the

transition from idea

to the marketplace.

Cross Over The Bridge

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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:



DECISION CONSIDERATIONS



CONSIDERATIONS

Developed and Specialized for Each Company, Product Area and Market by Their Experts

IS THERE A NEED/WANT? Kind of need/want; Timing of need /want; Alternate ways to define need/ CAN THE CUSTOMER BUY? IS THE MARKET REAL? Structure of the market: Market size & potential: Availability of funds WILL THE CUSTOMER BUY? riority; Product awareness; perceived benefits/risks; Future expectations; Price vs. benefits IS IT REAL? IS THERE A PRODUCT IDEA? Ways to satisfy identified market: Feasibility: Acceptability: State-of-the-art IS THE PRODUCT REAL? Designed; Developed; Tested; Produced; Inspected; Distributed; Installed; CAN IT BE MADE? WILL IT SATISFY THE MARKET? Design/Performance features: Cost; Unit cost vs. Volume; Availability ON DESIGN/PERFORMANCE FEACTURES? ON PROMOTION? Customer & trade advertising; Packaging; Technical Services; Sales promotion CAN OUR PRODUCT IS THE PRICE RIGHT? BE COMPETITIVE? Cost: Pricing policies: Terms & Conditions: Competition: Other price considerations IS THE TIMING RIGHT? Introduction: Design changes: Sales campaigns: Price changes: Competitor reaction CAN WE WIN? IN ENGINEERING/PRODUCTION? IN SALES/DISTRIBUTION? CAN OUR COMPANY BE COMPETITIVE? IN MANGEMENT? Experience; Organization; Financial strength; New management approaches; Commitme IN OTHER CONSIDERATIONS? CAN WE AFFORD IT? Cash flow; Investment & timing; Sales & timing; Net cash flow WILL IT BE PROFITABLE? IS THE RETURN ADEQUATE? Absolute Profit; Relative return on investment; Compared to other investment IS THE RISK ACCEPTABE? What can go wrong: How likely: How serious: What can be done; Uncertainties WORTH IT? DOES IT SUPPORT COMPANY OBJECTIVES? DOES IT SATISFY OTHER ARE EXTERNAL RELATIONS IMPROVED? COMPANY NEEDS? IS THERE AN OVERRIDING FACTOR? bor; Legal; Political; Stockholders/owners; Company image; Executive judgment

- 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-

tions of the target customers themselves.

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

