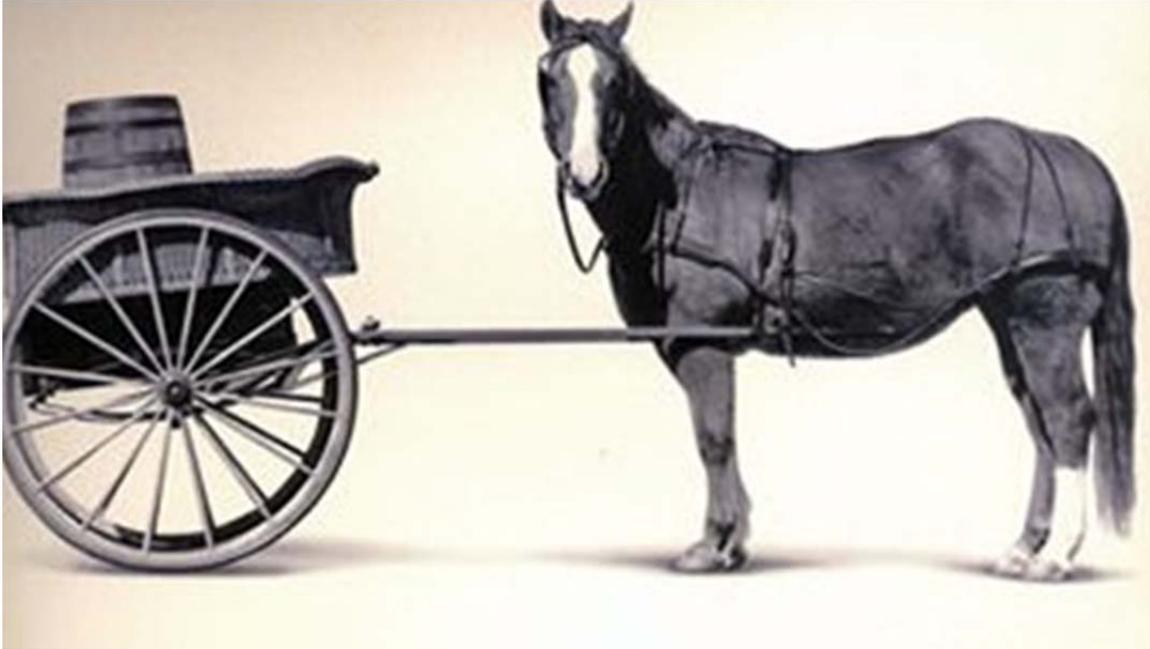


IP Commercialization Carnage – a \$500,000 waste of money that is more common than you think.



As part of my IP coaching practice, I provide inventors with help through a triage call process. This involves a 10 minute chat about what their current problem is, to see whether or not my experience can unstick where they are currently stuck. In two cases this week I was chatting with people with the same problem. Both of these had an excellent idea, but have invested all of their savings way too early, into protecting the intellectual property and building moulds and prototypes for full production. In both cases, they have not looked at the business model they needed to make this work.

Most inventors have limited funding and must choose very carefully where they spend their early funds. If their first call is to a design engineer, toolmaker, a patent attorney or other service providers, they will most likely spend their money on protecting or building their product, before they have even considered the commercial model it needs, to be able to bring this to market. Instead, I suggest they should hold onto their money and focus on firming up the demand that currently exists for the product.

It is a compelling argument that you will have nothing if you don't protect it, but equally, you don't need to patent an idea before you create the entire concept. Building your concept includes market validation, proof of concept, a protection plan and in most cases a prototype. Once you have all of this you can be assured - after testing it with the target market - that you will have a much better idea of how many people will want your product as the solution to their problem.

In costs practically nothing to validate your market and ensure that if you get this project going, you can actually make money out of it. I encourage inventors to hunt for problems and build a project that can fit as a solution. I encourage them to find out if the people who have the problem are prepared to spend money to "not have the problem". I also want to see what they're doing at the moment to solve the problem and how much that alternative solution is costing them.

Whether you have a prototype or concept ready to present or not, it's a great idea to bring a dozen of your prospective buyers into a room and conduct a focus group interview. This may not actually present anything you have developed yet and you might not even talk about your solution. Rather, you use that time to explore the problem they have and what their fears and frustrations are with having that problem.

If people have a problem and are prepared to live with it, it's not really a problem is just an inconvenience. In most cases, people won't pay money to get rid of an inconvenience and you can learn - well before you commit any serious money - that the project may not earn you the millions you expected.

With the cost of a focus group interview being the price of lunch for 10 to 12 people and the drafting of a nondisclosure agreement for each of them, you may have saved yourself \$1 million in tooling, design and patent drafting, before you've actually worked out whether your Idea is a good one. This week alone, I have spoken with 2 inventors in this situation, both in excess of \$500,000 and both facing more patent deadlines and trying desperately to sell or licence their patents with little or no positive sales track record.

Here is a question you should always ask yourself: “if I asked a tooling engineer, a design engineer or a patent attorney is my idea is worth pursuing - what is the only realistic answer they can afford to give me?”

Most patent attorneys I deal with are competent professionals and would not lead an enthusiastic inventor to spend their life savings on designing and lodging provisional patents, before any market validation is complete. However, with more new graduates coming into their industry, patent attorneys are becoming more and more pressured to nurture new prospective clients and the line between nurturing and pressuring can become blurred in some big firms.

If you find yourself in this position right now, I hope the above will give you some food for thought. Who knows? I may have just saved you \$100,000 and that should be well worth the price of my new book, “*Billion Dollar Napkin*”, which you can order online from www.billion-dollar-napkin.com. I’m sure there are many more case studies and opportunities to save you - and make you - even more money.

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