

Developing a New Technology into a Business

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You have developed some technology that appears to be different enough to get someone to pay for it, and, even better, you have managed to sell a few examples. What do you do now?

First, remember that the difference between a hobby and a business is that in a business at the end of the year you actually have some money left over. If you are really successful, you have even managed to pay yourself something for the time you've invested.

Now the fun really starts. Business is a very chaotic environment and in many ways depends upon the individual; it can be difficult to try to determine what to do. Even the business advisors you can talk to have their own viewpoints and interests to think about. They do not look at the problem through your eyes and with your set of goals. Here are some of the questions you should ask to better understand the factors affecting your decisions.

Technology

How unique is your technology? Is it a totally new capability or is it a slight improvement to an existing technology in an already existing market place? How will it fit in the market place?

How will you protect the intellectual property? Many times the real unique part of the technology is the exact way that it is manufactured, applied, or used. Most of the time it is the knowledge in the heads of your employees that are the key to success. What are you doing to protect that and how will you keep that knowledge in your organization? It is not unusual in a new company that the employees are paid more than the owner as a way of retaining them.

Key People

No business operates without the people involved. *What are their strengths and weaknesses?* What are everyone's goals? Be real. This especially applies to you. Businesses succeed when everyone does what they are best at. The boss is an especially difficult spot as there is no one with the job of sitting you down and giving you straight information. Just because you love the challenge and are willing to work 12 hours a day does not mean that everyone else has your energy level.

Financial

How are you going to keep the cash flow positive? How are you going to deal with the variations in the income stream? What are the goals of the investors? There are a number of investors, key people, bank, venture capital, etc. What kind of return are they expecting and how fast are they looking for it?

Market Environment

What are the market conditions and the traditional payment terms of your customers? What are the warranty expectations of your customer base? Who are your competitors and how are you going to differentiate yourself from them?

Organization

What is your size? What infrastructure do you really require? Can you hire a part time person to take care of things such as HR, payroll, etc., so you can concentrate on the things that make a difference to the customer? The organization run by one or two experienced smart people followed by 20 to 60 good employees is a very efficient one. Growing beyond that size usually results in much higher costs until a size of 200 people is reached. A whole seminar could be devoted to ‘so you want to grow your business’ so think carefully about your goals and resources when you want to grow beyond the small business stage.

Primary Business Focus

What primary characteristic do you want your customers to see in you?

1. Lowest price
2. Best service
3. Best technology

Any business needs capability in all three areas; however, only one will be the primary characteristic in a customer’s mind. You must decide what you are or what you want to use as your primary competitive tactic.

Market Stage

What market stage is the market in; early, emerging, mature or declining stage? Technology markets go through identifiable stages and how you structure your organization is dependent on the market and its understanding of the technology. In the final assessment, your customers define what you can do.

There are two basic areas to consider; the general stage the market is in, and the individual stage of each unique customer. Are your business decisions aligned with the stage you’re in or some other stage? What stage is the customer in compared to the average for the market? Are your sales activities matched to the customer’s stage?

These questions are many times difficult to answer and require talking in detail to the individual customer or a representative cross section of the target market. To successfully do this requires a lot of real life business experience in the various stages and, in addition, that lots of questions be asked and especially that the investigator understands his/her own filters and seeks first to understand.

But finally, even if you can get all of these things right, the entrepreneur’s personal characteristics are still the key factor for the success and direction of a business. To be successful, entrepreneurs must:

- Know what they are good at
- Acknowledge what they are not good at
- Seek input and consider different ways of doing things
- Give others true authority
- Align actions with the stage of the market