



Mind Your Business

Turning Prototypes into Products

by Fred Patterson

What does it take to turn prototypes into products? “Commercialization requires a significant amount of money,” said Fred Patterson, a veteran management consultant who runs SBIRcoach.com. “But it also takes more than money. If you think you’re ready to commercialize, it’s time to ask some tough questions about the technical, operational, and financial aspects of your business.”

Below is a brief checklist that Patterson suggests small businesses should use to look ahead toward commercialization. Properly addressing the “No” answers can make the difference on whether or not you are successful.

- | | Yes/No |
|--------------------|---|
| TECHNICAL | <input type="checkbox"/> <input type="checkbox"/> 1. Is the prototype fully functional? |
| | <input type="checkbox"/> <input type="checkbox"/> 2. Will it meet customer needs? |
| | <input type="checkbox"/> <input type="checkbox"/> 3. Can we package it for use by the customer? |
| | <input type="checkbox"/> <input type="checkbox"/> 4. Can we truly produce this product in quantity with consistent quality? |
| | <input type="checkbox"/> <input type="checkbox"/> 5. Are suppliers available for all parts? |
| | <input type="checkbox"/> <input type="checkbox"/> 6. Is our technology difficult to copy/reverse-engineer? |
| | <input type="checkbox"/> <input type="checkbox"/> 7. Are we doing the right things to raise our technology readiness level? |
| OPERATIONAL | <input type="checkbox"/> <input type="checkbox"/> 1. Do we know how to distribute the product? |
| | <input type="checkbox"/> <input type="checkbox"/> 2. Do we have systems and staff in place to manage growth? |
| | <input type="checkbox"/> <input type="checkbox"/> 3. Are the founders equipped to manage the evolving organization—or willing to relinquish control to those who are? |
| | <input type="checkbox"/> <input type="checkbox"/> 4. Can the organization survive the inevitable culture change from a technical excellence culture to a “making the numbers” culture? |
| | <input type="checkbox"/> <input type="checkbox"/> 5. Are we willing to take on new partners who, only being interested in return on investment (ROI), will undoubtedly (and perhaps rightly so) insist on controlling the strategic decisions being made by the board of directors? |
| | <input type="checkbox"/> <input type="checkbox"/> 6. Do we realize that we must still complete all outstanding SBIR contract and grant obligations, even though our new partners are going to consider them a distraction from the ROI mission? |
| | <input type="checkbox"/> <input type="checkbox"/> 7. Will we continue to propose new SBIR business? |
| | <input type="checkbox"/> <input type="checkbox"/> 8. Are we doing the right things to raise our business readiness level? |
| FINANCIAL | <input type="checkbox"/> <input type="checkbox"/> 1. Do we have the financial resources to enable growth? |
| | <input type="checkbox"/> <input type="checkbox"/> 2. Can we maintain a healthy cash flow while we grow? |
| | <input type="checkbox"/> <input type="checkbox"/> 3. Do we know how much invested capital we need to accomplish the technical <i>and</i> operational objectives? |
| | <input type="checkbox"/> <input type="checkbox"/> 4. Do we know what sources of capital we will/can consider? |
| | <input type="checkbox"/> <input type="checkbox"/> 5. Will we have to build or acquire other businesses? |
| | <input type="checkbox"/> <input type="checkbox"/> 6. Do we know how much invested capital we should seek? |
| | <input type="checkbox"/> <input type="checkbox"/> 7. Can our pre-investment valuation be justified? |
| | <input type="checkbox"/> <input type="checkbox"/> 8. Is our exit plan (IPO, acquisition, etc.) supported by our business strategy? |
| | <input type="checkbox"/> <input type="checkbox"/> 9. Are we equipped to negotiate the right deals? |

BIOGRAPHY



Fred Patterson is the founder of The Commercialization Funding Coach, Inc. His company's

well-known registered brands include The SBIR Coach® and SBIR Playbook®. He is the former co-founder and executive officer of two of Texas' most successful SBIR-award-winning companies, SPEC and Radiant Photonics. Patterson teaches companies the SBIR “ropes” and guides them in the process of producing clearly articulated and reviewer-focused proposals. In 2005, he expanded his services to State emerging technology funds as The ETF Coach™, guiding clients through the grant application process for Texas' new \$200 million dollar ETF. Patterson also offers coaching in government contracting and accounting, protection of intellectual property rights, Dealsmanship™, and the strategic planning process of raising a company's Funding Readiness Level™.