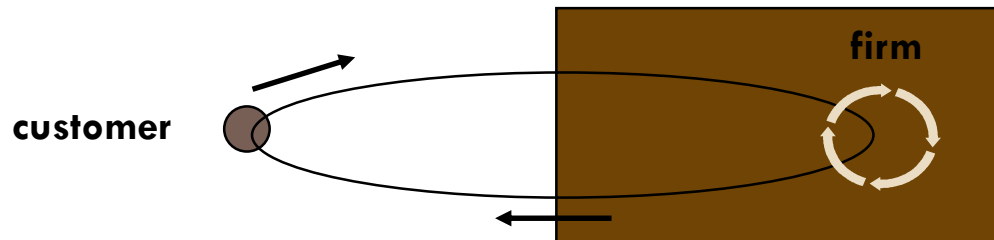


# **X. Standardized Innovation Process**

# Business Processes

2

Business processes begin and end at the customer.



Main business processes:

- Marketing process
- Product innovation process
- Tender process
- Order processing process

# Standardized Processes in R&D

3

In a company similar products are permanently developed. Very similar activities and chains of actions take place.

Therefore many companies have layed down standard processes for product development and innovation.

They fulfill the following purposes:

- Guideline and check.list for the project team
- High transparency for the project environment
- Fixed structures and milestones make project controlling easier.

The standard process does not replace project planning; it gives however a structure which has to be filled in specifically.

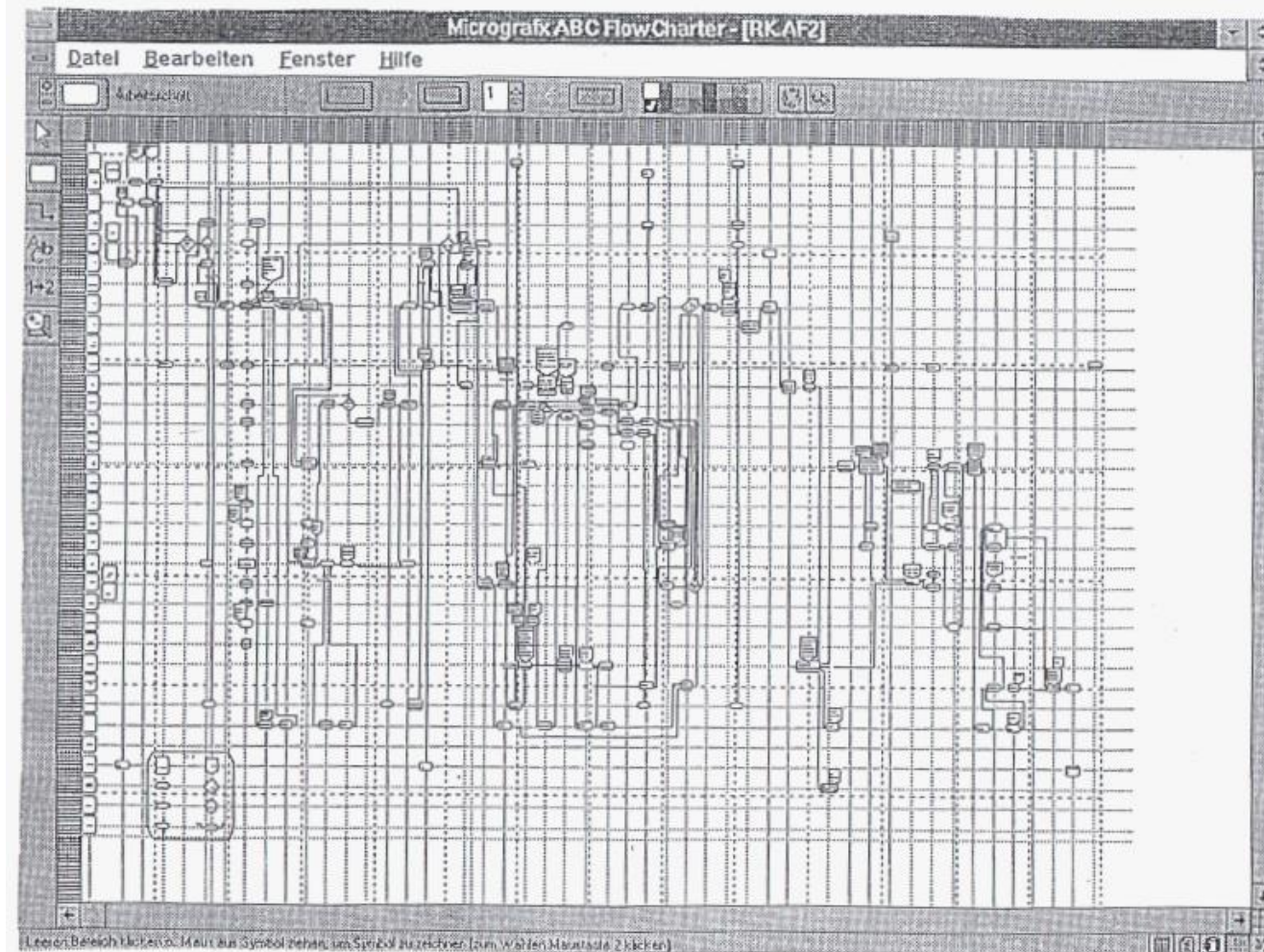
# Conventional Standard Processes for Product Development

4

- Often only technical development
- Sequential sequence of activities
- The process phases are dominated by the functional divisions (development, manufacturing, marketing)
- No cross-functional teams

# Example of an Innovation Process – before Reorganization

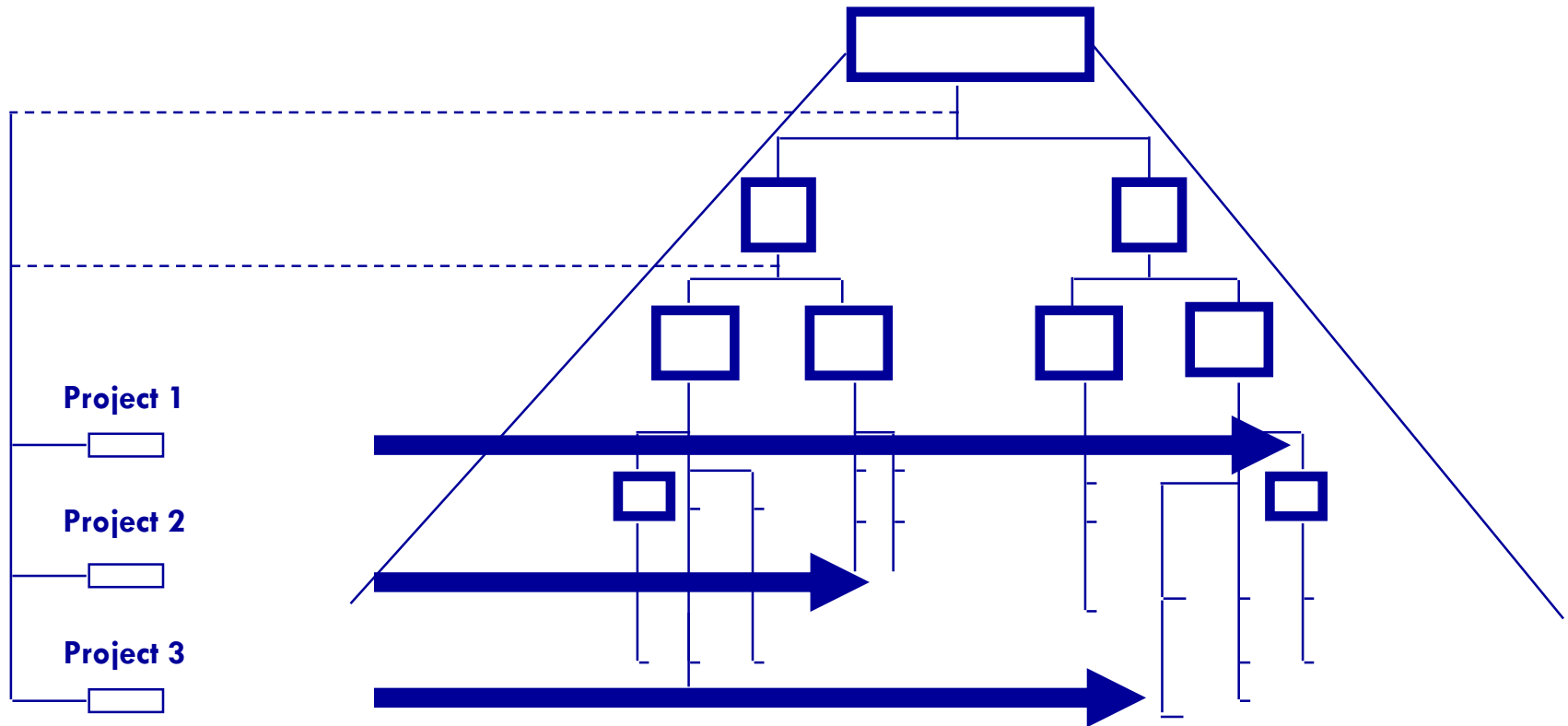
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# **XI. Project Management for R&D Projects**

# The Concept of Project Management

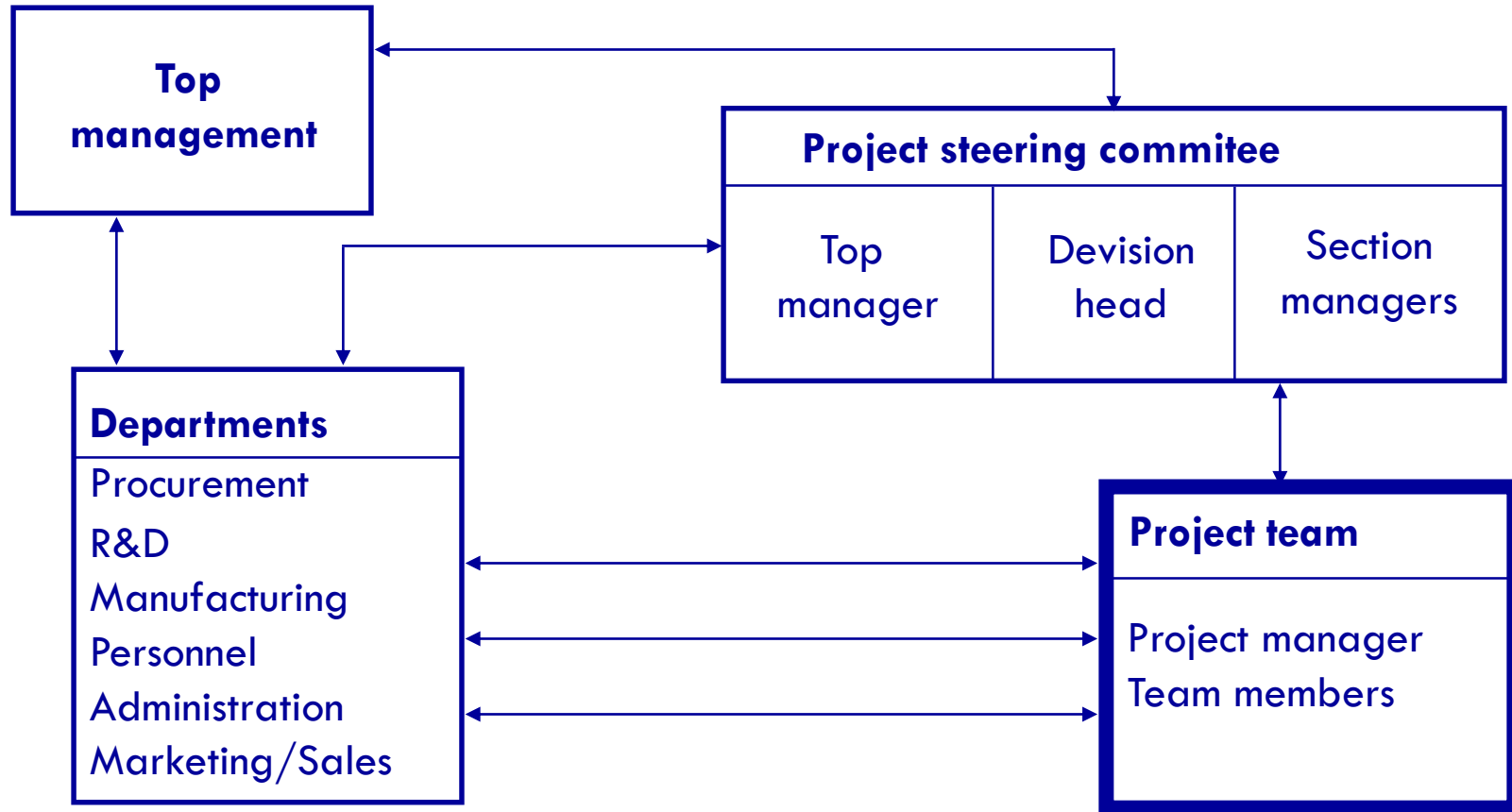
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# Management of Innovation Projects

## Organizational Set-up

8





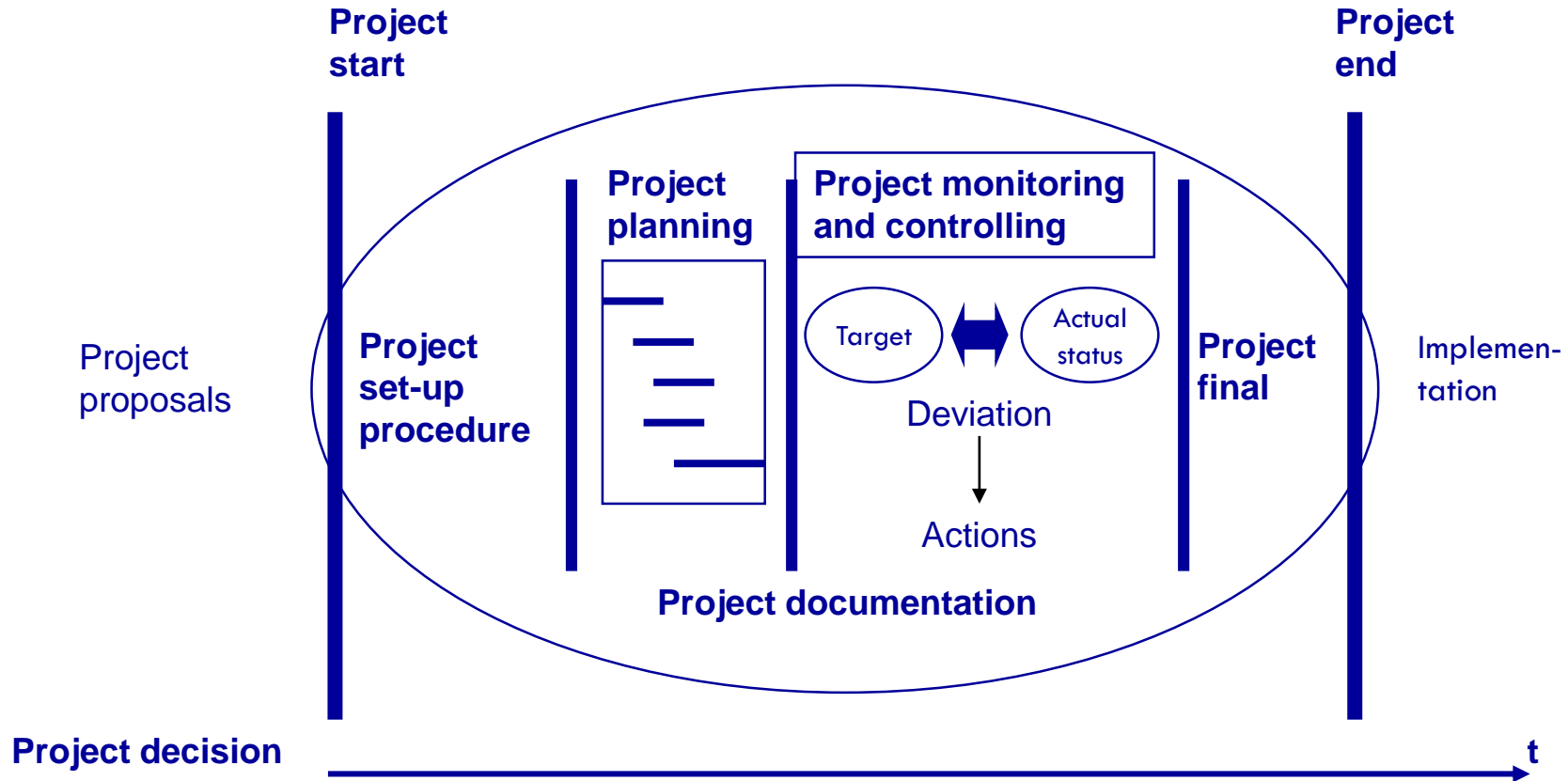
# Specialities of Innovation Project Management

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- Special set-up procedure
- High degree of situative management
- Detailed planning up to the next milestone; remaining phases are only roughly planned
- Difficulty to monitor the progress in achieving the technical objectives
- Special controlling
- High importance of internal coordination
  - multifunctional teams
  - multifunctional steering committee
  - high frequency of project team sessions
- High relevance of soft factors
- Selection, prioritization and phase-in of projects into R&D
- Multi-project-management

# Phases of an R&D Project

10



# Project Planning and Controlling Tools

11

- Bar-diagram (Gantt-chart)
- Network-plan
- Milestone-trend-analysis
- Cost-trend-analysis
- Monthly-check-charts

# What is an Elevator Pitch?

A **short, simple description** of your business idea that anyone could understand by the time you ride up three floors in a typical elevator.



# Very Important Point



- An elevator pitch is *not* a sales pitch
- It is NOT a pitch of a great idea, team or product
- You ARE pitching what your business will do for **customers, investors, and/or society**
- You want to pitch how your business solves a **real problem** or addresses a **burning need** that exists today

# Elevator Pitch “Must Haves” and Caution



**Interesting opening:** opening must immediately grab interest of recipient

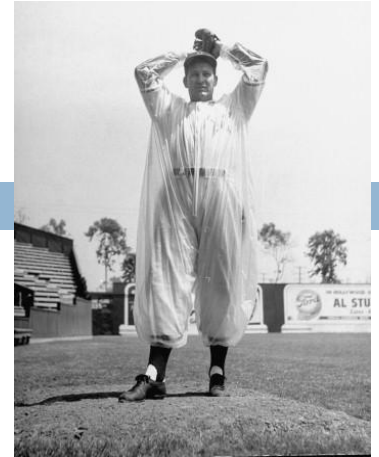
**Passion:** if you are not excited about your idea, no one else will be

**Short:** you only have one minute to deliver your pitch



**Caution:** Do not take too long to get to the pain/problem that you are solving—you could lose the listener’s attention

# Elements of the Pitch



The following points are included in effective elevator pitches

1. The **hook**: pitch opening that grabs the listener's attention
2. Brief description of **product/service**
3. Brief **target market** description
4. Brief description of how the business is **different** from the **competition**
5. Brief description of how you will **make money**
6. Brief description of the **resources** you need from **investors**
7. Brief description of the **returns/payback** the investor can expect
8. Memorable tagline/pitch **closing**

# The Hook/Pitch Opening



- The hook should grab the attention of the listener and set the stage for the concept
- Many ways to do this including identifying the problem/need you address
  - ▣ We help resolve the housing crisis
- If possible, help your listener relate to the problem
  - ▣ Questions can be effective: Have you ever had your cell phone fail inside a building?
  - ▣ *Very brief* personal stories can also be effective openers



# Product/Service Pitch

- Guidelines to keep in mind when developing the product pitch:
  - ▣ KISS – Keep It Simple, Stupid
  - ▣ Limit technical terms/details
  - ▣ Highlight customer benefits, not technical benefits



# The KISS of death: Too much detail

## □ INEFFECTIVE:

Our medical technology is the first automatic anesthetic gas scavenging system that will scan patient's using an anesthetic vaporizer thus providing analytical, diagnostic and therapeutic techniques similar to those used by National Laboratories in 2007, but that were updated in 2011 to include the new immunology reports

## □ EFFECTIVE:

We provide the most accurate medical diagnostic equipment available on the market.



# Geek speak: Listeners Tune Out What They don't Understand

## □ INEFFECTIVE:

We provide non-penetrable debridement medical equipment technologies for lymph node excision by integrating it with our 4851-bit encryption algorithm that is integrated with the newest 245-bit Dorland operators.

## □ EFFECTIVE:

We allow medical professionals to operate on cancer patients using the least invasive equipment on the market.



# Customer Benefits, Not Technical Benefits

## Technical Benefits

- ❑ Unmatched assimilation
- ❑ Dimensional attributes
- ❑ Largest system adaptability

## Business Benefits

- Increase your sales
- Increase your efficiency
- Cut your costs by 25%

***SO WHAT???***

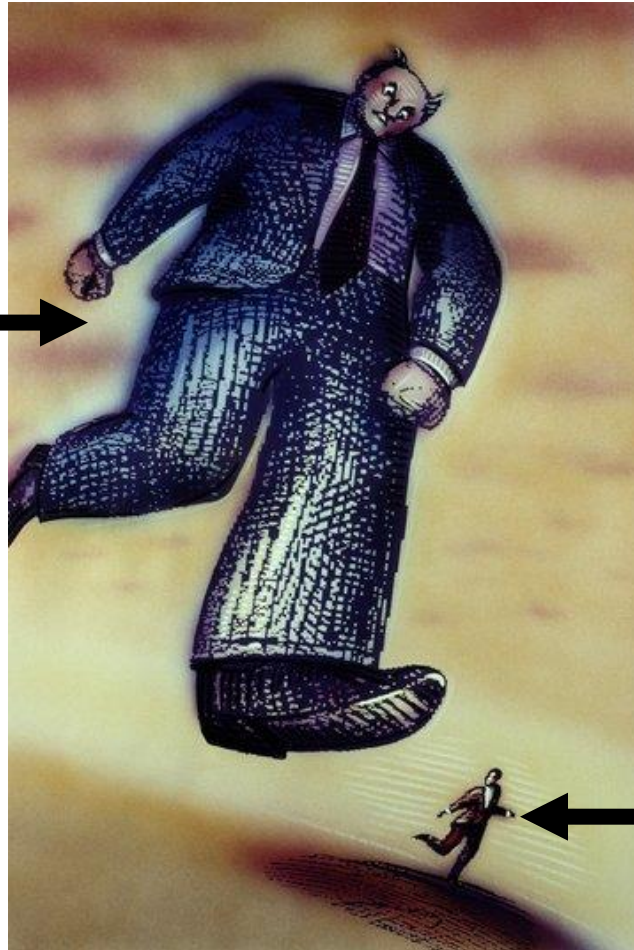


# Target Market Description: Relate to a Need

- Identify the problem solved or need addressed in a sentence or two
  - ▣ We allow any wireless technology to work inside any building that utilizes our wireless networking product
- If possible, mention a customer who uses your product or that has expressed interest
  - ▣ The FAA has determined that we are the only system that can quickly screen people at security check points while also exceeding their security needs
- If you do not have existing customers, quantify the size of the market you will target using numbers from a reputable source
  - ▣ According to the American Cancer Society, there are 5,000 hospitals in the U.S. that need the updated radiology equipment

# Acknowledge Your Competition

Apple



You



# Briefly Acknowledge Your Competition

- Identify a couple of your competitors as well as what they provide
- ▣ There are many vendors that provide internal wireless networks like Linksys and Cisco.
- ▣ While no other firms offer a service package as comprehensive as ours, companies like PetSmart and Club K9 Doggie Daycare do offer some pet daycare and grooming options.



# Neutralize Your Competition

- Describe one or two differentiators that describe your advantage
  - ▣ Unlike the competitors, our firm offers customers a full-service pet daycare, grooming services, and a pet training facility that is run by world-class trainers.





# Describe How you Make Money

- Describe your firm's revenue model (e.g., how your firm earns its money)
  - For grooming, customers will pay for the services rendered and for pet training and daycare, customers will have the option of different service-level packages.
  - We will distribute and sell our products through big box retailers as well as directly through our online store
  - We will license our technology to companies like Widgets Corp. to integrate into their existing digital cameras



# Investor Requirements and Returns

1. Describe the investment required at this stage of the business planning process
  2. Describe for what purpose(s) that money will be used
  3. Describe how, when, and with what rate of return you expect to payback investors
- We are seeking \$500,000 in initial start-up capital to fund prototype refinement, initiate initial marketing efforts, and website development. Based on our sales estimates, we plan to pay investors back 30% in year one at 20% ROI and 70% in year two at 30% ROI.
  - We are seeking a \$1,500,000 investment to fund manufacturing, marketing, and initial product distribution. Within five years, we seek to achieve an IPO, at which time investors can expect a payback at about a 20% ROI.

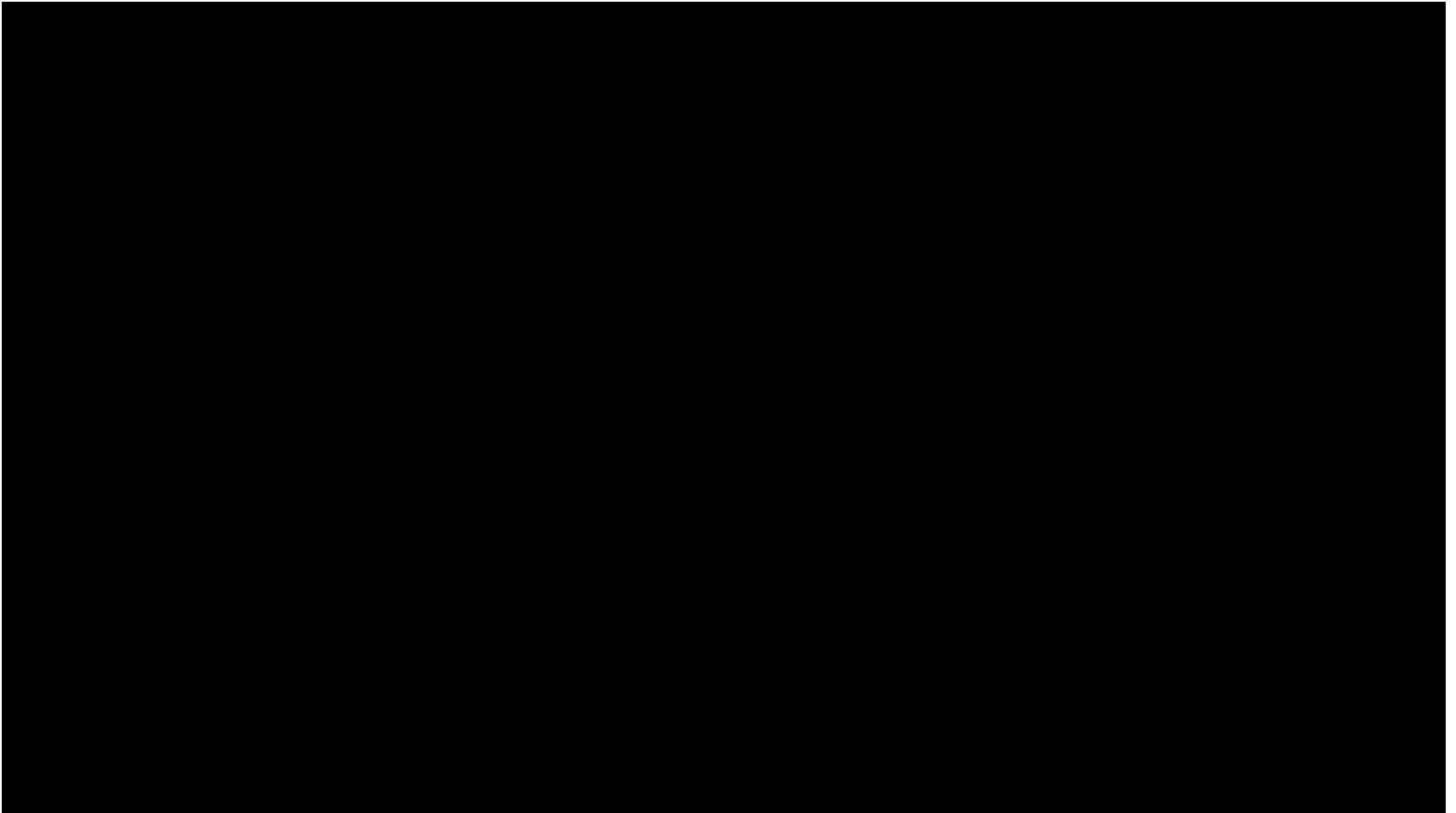
\* **Return on investment (ROI)** is the concept of an investment of some resource yielding a benefit to the investor. A high ROI means the investment gains compare favorably to investment cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investments. In purely economic terms, it is one way of considering profits in relation to capital invested.



# Tagline/Pitch Closing

- End the pitch in a memorable way
- Taglines are often very effective:
  - ▣ In sum, GE brings good things to light
  - ▣ Acura—the road will never be the same
  - ▣ Harley Davidson: American by birth. Rebel by choice.
  - ▣ In conclusion IBM provides solutions for a small plant
- If you do not have a tagline, closing the pitch with a simple “Thank You” can also be effective and professional

# Example 1



# Example 2

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University of Dayton  
Business Plan Competition  
Elevator Pitch

First Place, \$1,500  
Genevieve Catalano  
TravelBlender

# Elevator Pitch: An Example

- **Hook:** Have you ever had your cell phone fail inside a building?
- **Product:** We provide a wireless communications network that enables any cell phone to work anywhere inside all types buildings, while ensuring your communications are secure.
- **Market:** The *Federal Communications Commission* has determined that over 60% of the 5 million commercial buildings in the U.S. inhibit wireless or cell phone communications from within. The percentage is even higher in international markets, suggesting a huge need for better wireless communications networks.
- **Competition and Differentiators:** There are many vendors that provide internal wireless networks like Linksys and Cisco. However, we are the only vendor that enables communications to penetrate steel and other high density construction materials, which significantly reduces the cost of installation
- **Revenue Model:** We will install the wireless network in a building at no charge, and then charge a usage fee for all calls that we carry on our networks
- **Investment Required and Payback Estimate:** We are seeking a \$1,500,000 investment to fund manufacturing, marketing, and initial product distribution. Within five years, we seek to achieve an IPO, at which time investors can expect a payback at about a 20% ROI.
- **Closing:** In conclusion, we make wireless communication simple and effective.

# A Final Note

- The most important thing you can do is practice your pitch
- Remember you will be stopped at exactly one-minute
- The most effective pitches will not come across robotic
- The most effective elevator “pitchers” know their material so well that they could easily deliver it in a casual conversation with anyone
- In sum:

**Practice, practice, practice!!**