Introduction to Commercializing Ideas

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An idea has little value to society if it is not converted into something tangible and available to the public. Generally, an idea that cannot earn a reasonable profit in our society will not be made public. Therefore, ideas are commercialized not only for society’s good but also for private gain.

Can you commercialize your idea?

Often the discovery and development of an invention is relatively easy compared with the creativity and resources required to make it a commercial success. Soon after an idea is conceived, potential demand for the product or service resulting from that idea must be evaluated. An unwanted invention has no value.

An idea in the early stages of development should pass the following tests:

• Is it original?
• If it is an invention or product, can it be produced and distributed? If it is a marketing innovation, can it be implemented or used?
• Will it really make money?

Methods of commercializing

An inventor can commercialize an idea by:

• Producing and distributing the product under his control;
• Selling all rights to the idea to someone who intends to commercialize it or
• Retaining ownership rights but contracting the rights to make, use and sell the idea to another.

Regardless of which method is used, the idea must be sold at some point. Logical steps leading to the sale of an idea should be plotted in a business or venture plan. Such a plan is a comprehensive design for describing, justifying and supporting the projected results from idea commercialization.

A typical business plan includes:

• Introduction and statement of business concept;
• External environment and industry analysis, especially market definition and forecast, related laws and competition;
• Growth strategy;
• Marketing and distribution plans;
• Operations facilities and organization required;
• Research and development needed;
• Finance needs;
• Management resources;
• Legal structure;
• Financial analysis; and
• Risk analysis.

A business plan generally spans three to five years, depending on individual needs and the inventor’s ability to project meaningful forecasts. A carefully designed business plan has many benefits. It shows all facets of the new venture, examines the consequences of different strategies and tactics, and highlights the human and financial requirements needed to launch the idea. An effective business plan also can help convince investors, purchasers, licensees and employees that an idea has high growth potential.

Sources of more information

The Patent and Trademark Office is part of the U.S. Department of Commerce.

The address for the Patent and Trademark Office is:
The Commissioner of Patents or Trademarks,
Washington, D.C. 20231
Phone (703) 308-4357

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Washington, D.C. 20540
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For additional information, write to:
U.S. Department of Commerce
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