

■ PATH TO STABILITY ■

A New Invention: From Idea to Reality

I have an idea for a simple invention that I think people would find both useful and beneficial. I do not wish to divulge too many details about the invention, for obvious reasons, but I will say that it is a small foam device designed to ease a common form of physical strain.

I met with managers of two different department stores to find out if they would be interested in offering my invention for sale, but neither one seemed very enthusiastic about the idea. Nevertheless, I think that it is a good idea, and I am sure that once they see it and use it themselves they will be willing to market it in their stores.

I spoke to experts in the foam industry, and they told me that locally, it would cost about \$2,500 to create the mold necessary to begin production of my invention and another \$5,000 to produce 1,000 of these items. Manufacturing in China would be much cheaper, but I would have to produce far more than 1,000 items at a time.

Currently, I work at a low-paying job that barely supports my family. I am hopeful that my invention will change this, but right now I don't have the money to pay for an initial run. To begin producing my invention, I will need to borrow money.

Having no experience in manufacturing or marketing, I am not sure how to proceed. Can Mesila advise me what my next steps should be?

We are intrigued by your mysterious invention, and we applaud your initiative in looking for a way to manufacture and market it. We also commend you for doing some serious research into how to begin producing your invention, for finding out from department store managers if they would be willing to sell it, and for your persistence in the face of their unenthusiastic response.

The majority of good ideas for inventions never reach the market, mostly because the people who think of these ideas tend to be creative and imaginative rather than business-minded and down-to-earth.

In addition, ideas for inventions — even the most useful inventions, like the telephone, photocopy machine and radio — are often greeted at first with apathy.

Like these famous inventions, your invention might very well prove to be useful and popular. On the other hand, it might not. Because there is no way to know at this point which way your invention will go, we advise you to continue to look for a way to turn your invention into reality, but in a way that minimizes risk.

If you had some start-up capital of your own, you could perhaps afford to invest some money into trying out your idea. Without this start-up capital,

however, you have to be extremely wary about investing borrowed money into an idea that might not get off the ground.

At this point, we would advise you to look for a professional business consultant who can guide you through the steps of turning your idea into reality. Together, you can create a business plan detailing who your potential market is, the size of your potential market, and the costs of manufacturing and marketing.

Your consultant may recommend that you present your business plan to venture capital (VC) funds or investors who can potentially finance the start-up costs of producing your invention.

Before you can finance the production of your invention, you need to calculate what the real costs are. You already know roughly how much production costs would be, but you also need to take into account non-production related costs.

Your invention will need an attractive form of packaging, which requires design and production of its own. You also need marketing tools such as a catchy name for your product and some form of promotional advertising to introduce your invention to people and convince them that it is really something necessary. And, of course, before marketing your invention you will need to protect your rights to it by taking out the necessary patents.

All of these things cost money. In fact, the peripheral costs of marketing your invention might easily eclipse the costs of producing a trial run of the invention.

Moreover, handling all of the tasks involved in taking your invention from concept to reality can be very time-consuming, and that might come at the expense of your job. We strongly caution you against slacking off at your job at this point; as low-paying as it might be, right now it represents your entire livelihood, and you absolutely cannot afford to risk that.

It is important for you to realize that your idea cannot possibly come to fruition with you working on it alone. While it costs money to hire a business consultant and prepare a professional business plan, this expense pales in comparison to the cost of manufacturing and marketing a brand-new invention. It is far better to spend money on a consultant than to go ahead by yourself and possibly make very expensive mistakes along the way.

To reduce your costs and your risks, we recommend that you start with a small market trial of your invention. This market trial should be a crucial element of your business plan.

Rather than producing 1,000 or more, try to find a way to pro-

duce 50 or 100. Consult with experts in the foam industry to find out whether you can do this without investing in a specialized mold. Mass production in China should be out of the question at this early stage.

Once you have a few samples of your product, look for creative, low-cost ways to market them. You can try selling them at street fairs; you can find a place to set up a small vendor's stand; you can ask stores to put a few of them on display; or you can post signs advertising your invention and sell it from your home. See if people are interested in buying the item, and ask them if they have any ideas for improving it.

During the market trial, you should sell your invention at the price that you are planning to charge when you begin mass-producing the product. This may be lower than your initial cost price, and you should therefore be prepared to take a loss on the market trial. Later, you can find ways to reduce your costs (such as by manufacturing larger amounts, or manufacturing in China), and create a reasonable profit margin for yourself.

To determine what price to ask for your product, you should speak to distributors and retailers to find out how much they would sell such an item for. You should also ask potential customers how much they would be willing to pay for such an item. When speaking to people, pay attention to their reactions to the product. Do they seem enthusiastic about it?

You can also ask people if they would be interested in buying the product, and if they can think of any added features or improvements that would make them more interested in buying the product. Their verbal responses and body language can give you valuable cues that can help you gauge the demand for the product.

Your business consultant may also want to put together a focus group to help you gauge the demand for your product and fine-tune it before you begin to manufacture it.

turn to page A13 ►

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