

note 1-428-786
February 1, 2009

Note on Building Shareholder Value by Commercializing Corporate Innovation

There are no exact statistics available, but the vast majority – most executives and business academics would agree on a number higher than 95 percent – of all viable new inventions or business ideas never see the light of day. They never make it to market.

As we literally see hundreds of new business concepts a year – coming from corporate researchers and new-biz-dev folks, proven entrepreneurs and aspiring ones, VCs, university professors and students, docs and medical researchers, you name it – we’re starting to believe, from our admittedly limited sample size, that the above statement is quite true.

Most folks who come up with these inventions or ideas have a perfectly legitimate excuse for never bringing them to market: scientists, physicians, workaday engineers and dreamers are rarely equipped with the background or experience relevant to crafting a new business from scratch.

Then there are those sufferers of dreaded “MBA disease”: I’ve got the breakthrough idea; I just need somebody to invent and somebody else to execute ... and I’ll be the CEO.

But a huge proportion of these inventions and innovative new-business ideas come from a source that really doesn’t have as robust an excuse: the corporate world. So what are the reasons given by the corporations who invent neat new stuff for not commercializing those innovations? Let us count the ways:

- Excuse for not commercializing an innovation: **It gives us a proprietary advantage.** Many a corporate innovation never realizes its full potential because the parent company convinces itself that the invention or technology-based solution provides it with a competitive advantage. What’s often lost in this reasoning is that many innovations have applicability well beyond the parent company’s direct competitors.

A counterpoint challenge to corporate executives: *OK, but why not market the solution to potential customers outside your competitive space? There’s no reason you can’t market the innovation to everyone but your competitors.*

- Excuse for not commercializing an innovation: **It doesn’t fit our risk profile.** This is code for, “Startups are too risky. In fact, anything outside our existing way of doing business is too risky.”

A counterpoint challenge to corporate executives: *So why not spin it out, shielding the parent company from the risk?*



Published by GlobalLens, a division of the William Davidson Institute at the University of Michigan.

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