

WIPO/INN/ABJ/99/18

ORIGINAL: French

DATE: September 1999



GOVERNMENT OF THE REPUBLIC
OF CÔTE D'IVOIRE



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

WIPO REGIONAL SEMINAR ON INVENTION AND INNOVATION IN AFRICA

organized by
the World Intellectual Property Organization (WIPO)
in cooperation with
the Government of the Republic of Côte d'Ivoire

Abidjan, September 1 to 3, 1999

ROLE OF ENTREPRENEURS IN THE COMMERCIALIZATION OF INVENTIONS AND RESEARCH RESULTS

*Document prepared by Mr. Michel Levy, General Manager
Cabinet Léonard, Paris, France*

INTRODUCTION

During my presentation on the “ Evaluation of Innovations ”, we discussed together the different aspects making that step preliminary to the invention development so important, and which must be undertaken by experts, with a high level of rigor.

On that condition, companies involved in innovation or progressing in a related domain may be approached. This, as far as they have the related experience and production equipment appropriate to the project which is proposed to them.

We are now going to discuss the essential role companies or enterprises play in the process of innovation ; we will also note together that it is impossible to promote and/or to develop an innovation without a strong and constant involvement of the entrepreneurs and the companies they are running.

Before turning to the active role of the companies in successful innovation, firstly, being a former industrialist and founder-manager of an important consultancy firm specialized in innovation development, I wish to express the reasons that should lead the companies to search for and to use innovative products.

It is important to specify that the companies which take the best advantage of innovation are small- and medium-sized companies (also called SMEs).

SMEs are mainly subcontractors of industrial groups, therefore they are dependent on larger companies which are their clients.

They are generally in a situation of strong competition, and they often have to give away an important part of their profit margin to ensure a sufficient amount of work for their production staff.

This results firstly in a lack of vision or prospect on a medium-term basis, and secondly in a high fragility, because the fact of losing a client would often mean the risk of seeing the SME company disappear.

This quite frequent affirmation leads us to claim that the SME must choose the way of innovation.

Whether the invention has been developed by the company - invention which will have to be protected by a patent - or an acquired invention, under a licence agreement or the purchase of patent rights, from another company or an individual inventor, either national or foreign.

The reasons for the company to “go” toward the innovation are the following:

- The innovation is a means to diversify its activities ;
- The innovation is the independence with regard to larger companies ;
- The innovation is the control of the (domestic) market and the opening-up to the international level ;

- The innovation is the differentiation from the competition (competitive advantage) ;
- The innovation is a means to strengthen a company's capital ;
- The innovation is a tool for adding value to company.

THE INNOVATION IS THEREFORE A DETERMINING FACTOR OF GROWTH & ENRICHMENT FOR THE COMPANY

After having talked, maybe for too long, about the advantages and benefits that the company will find in innovating, I would like now to tackle its specific role, but also its obligations.

Depending on the invention's state of development, which is often located upstream of industrialization, the level of intervention of the company/enterprise will be different:

1. Simplification of the basic concept of the invention, not formalized, not patented ;
2. The invention is formalized and described (Patent application filed, etc.) ;
3. Building scale model ;
4. Building prototype.

If we consider the first step, the company/enterprise will have to take care of the feasibility study of the invention, through to its R&D department, or if not, with the assistance of an outside R&D organization.

The same applies for steps 2 and 3.

It is important to add that the company enterprise will have to undertake a market research in order to check that the product can fit the market, and to find out the estimated volumes and the level of price/market.

In step 4 where the company/enterprise intervenes when the prototype is built, its role will be :

- On an industrial level :

To start the product's industrialization leading to the production of a reliable product in competitive economic conditions, i.e. a quality product at a fair market price.

- On a commercial level :

If we acknowledge the importance of the industrialization and manufacturing of the innovative product, we must add that a manufactured product has to be sold.

We shall now tackle the commercialization.

There are two possible scenarios:

1. The industrial company/enterprise has its own commercial organization ;
2. The industrial company/enterprise is only manufacturing and is not structured to take care of the commercialization and is not planning to change its structure.

In the first case:

- The company/enterprise will commercialize the product using its own national network, by adding the product to its own catalogue.
- If necessary, it may have to take care of the advertising through the channels it usually uses.
- For the export, the company enterprise will have to use its network of distributors, and if necessary to complete this network by contracting new distributors.

In the second case:

- The company enterprise will have to entrust the commercialization of the product subject of the invention to a company specialized in the distribution of that type of product ; the selected commercial company will have to be well established in its activity field. The same will apply with regard to exports.
- We must add that in the second case, the company enterprise will have to contract the services of firms specialized in that type of mission, considering that a strictly industrial company does not usually have the ability to carry out on its own these steps of search for and establishment of commercialization agreements.

The means :

Of course, the enterprise must evaluate, first, the necessary means to enable the industrial production and commercial application of the invention, and also the means at its disposal in order to face them.

These means are of different nature:

- The human resources ;
- The financial means.

With regard to the human resources, the enterprise must - with the assistance of an Innovation Centre and/or its innovation consultant - assess briefly its human potential in order to decide, if necessary, to hire the missing skilled staff or to establish a partnership agreement with another company having the know-how it needs.

With regard to the financial means, the company/enterprise must draw up a projected economic balance sheet, either with the assistance of a consultant specialized in innovation development or of an Innovation Centre.

In case the projected balance sheet shows a need for financing, it will be up to the company/enterprise - with the assistance of its Consultants - to search for and establish the financings necessary to the full development of the invention, until its commercialization.

It is important to highlight that the role of an Innovation Centre and its experts is decisive in the support and the development of innovation.

To sum up, we shall bear in mind that the role of the companies/enterprises is the following:

- The study and development of the product resulting from the invention ;
- The market researches (National - Export) ;
- The establishment of various partnerships with companies having complementary know-how and expertise (if necessary) ;
- The product's industrialization and manufacturing (internal and subcontracting, if necessary) ;
- The direct or indirect establishment of the product's commercialization ;
- The search for improvements that could be made to the product ;
- The keeping up with innovations and competition's state.

CONCLUSION

I would like to use the example of an invention that our Firm has supported from the state close to provisional drawing or idea up to the product, including the search for and establishment of all the partnerships necessary to the product's commercialization.

The product is an external lower limb prosthesis...

[End of document]