



IAS

Innovation Advisory Service **South East**

Innovation Action™ Tools

**Open Innovation
Seller's Stepladder**

Open Innovation Seller's Stepladder

Introduction

The Open Innovation Seller's Stepladder has been designed (i) to enable you to assess where your company is positioned on the **Seller's Stepladder of Open Innovation**, and (ii) to help you decide how increase to its effectiveness by moving the company to a higher position on the Stepladder.

This stepladder is primarily aimed at smaller companies that regard exploitation of their innovations through third parties as a key route to market, though it is likely to be of value to larger companies that consider this option for 'orphaned' technologies, corporate ventures and/or additional income.

There are twenty sections in the questionnaire, each with four statements. Read each set of statements, and then try to decide which best describes your company. Circle the appropriate score.

Statement (a)	Score = 3
Statement (b)	Score = 2
Statement (c)	Score = 1
Statement (d)	Score = 0

Technology and Business Sales

a) We have realised significant financial benefits from our technology sales efforts	3
b) The financial benefit from our technology sales have been rather small	2
c) We have considered, but never previously progressed, any technology sales	1
d) Our company has never considered any technology sales as an exploitation option	0

Project Reviews

a) We review all projects regularly to ensure that benefits outweigh the remaining costs	3
b) We expect to incorporate regular economic and technical reviews into our plans	2
c) We are reluctant to stop projects with poor prospects after investing large sums	1
d) We only tend to undertake project reviews when the funding is running out	0

Market Understanding

a) We never invest in any development without a detailed understanding of the market	3
b) When targeting unfamiliar sectors, we make special efforts to understand the market	2
c) We develop an understanding of the market alongside any technology development	1
d) Our focus is always on understanding the technology rather than the market	0

Intellectual Property Management

a) We make sure our ideas are fully protected before approaching any potential buyers	3
b) We use NDAs and the possibility of patent coverage to protect our innovations	2
c) We don't expect to be able to patent our ideas but hope to protect our know-how	1
d) We have no mechanisms in place for protecting our innovations and/or know-how	0

Understanding User Needs

a) We talk to potential users regularly to make sure that our innovations fit their needs	3
b) We have made a few efforts to understand the specific needs of potential users	2
c) We have not contacted potential users but believe that we understand their needs	1
d) We make no special effort to understand the specific needs of potential users	0

Technology Networking

a) We are committed participants in several active technology networks	3
b) Part of our strategy is to increase participation in key technology networks	2
c) Some individuals are involved with a technology network on an ad hoc basis	1
d) Our company has had no participation in any technology networks	0

Sector and Investment Networks

a) We are very active in several networks that could help us reach potential buyers	3
b) We are starting to participate in networks that could help us reach potential buyers	2
c) We will consider participation in networks as a way to reach potential buyers	1
d) We haven't considered any participation in sector or investment networks	0

Use of Intermediaries

a) We are using intermediaries to help us find potential buyers for our innovations	3
b) We are starting to work with intermediaries that could help us exploit our innovations	2
c) We have very limited contact with intermediaries that could help us exploit our ideas	1
d) We have not considered using intermediaries to help us find buyers for our ideas	0

Using External Advisors

a) We always use external advisors when we lack expertise on important issues	3
b) We sometimes use external advisors when we lack expertise on important issues	2
c) We would consider using an external advisor if we lacked specific expertise	1
d) We never use any external advisors, preferring to rely on our in-house expertise	0

Business Models

a) We thoroughly review all options before deciding how to exploit our innovations	3
b) We are introducing procedures for deciding how best to exploit our innovations	2
c) We don't know how to select best business model for exploiting an innovation	1
d) We will only consider in house routes for exploiting our innovations	0

Valuing Innovations

a) We obtain a wide variety of inputs to judge the commercial value of our innovations	3
b) We are investigating the best way to assess the value of our innovations	2
c) We judge the value of our innovations from our expenditure and a suitable margin	1
d) We rely on the view of the selected buyer to judge the value of our innovations	0

Optimising Value

a) We decide the best time to exploit our innovations by undertaking regular reviews	3
b) We market our innovations as soon as they have reached 'proof of concept' status	2
c) We market our product innovations as soon as possible after patenting	1
d) We are not sure what would be the best time to market our innovations	0

Opportunity Assessment

a) We use a proven system for screening and evaluating development opportunities	3
b) We are trying to introduce new systems for screening and evaluating opportunities	2
c) We evaluate potential development opportunities on an ad hoc basis	1
d) We have no systematic way for screening or evaluating development opportunities	0

Competitor Analysis

a) We study and compare all existing and new competitors to our product innovations	3
b) We compare our innovations against competitive products in the marketplace	2
c) We only develop innovations that are thought to offer price or performance benefits	1
d) We rely on the fact that our innovations incorporate more advanced technology	0

Market Assessment

a) We make strong efforts to understand the market characteristics and its participants	3
b) We always study the size of the target market for our ideas and its growth prospects	2
c) We usually spend some time trying to understand the market for our innovations	1
d) We devote little effort trying to understand the market for our product innovations	0

Business Skills

a) Our staff have all the business skills needed to develop and exploit our innovations	3
b) We have access to people with the skills needed to develop and exploit our ideas	2
c) We are building up the additional skills needed to develop and exploit our ideas	1
d) We are a technology-specialised organisation with limited business skills	0

Product Marketing

a) We use every possible means to ensure that prospective buyers learn of our ideas	3
b) We try to focus our efforts on direct contacts with a few prospective buyers	2
c) We try to raise awareness of our innovations through traditional advertising	1
d) We make no special effort to promote our innovations to potential users and buyers	0

Partner/Purchaser Assessment

a) We fully investigate the integrity of potential partners before making commitments	3
b) We make discrete enquiries about potential partners before making any commitment	2
c) We rely on the public profile of potential partners when assessing their suitability	1
d) We believe the interests of ourselves and any potential partners will always coincide	0

Knowledge Transfer

a) We have processes in place to ensure the transfer of essential knowledge to buyers	3
b) We are developing processes to ensure effective knowledge transfer to buyers	2
c) Processes for transferring knowledge to buyers will be established for each project	1
d) We have no processes in place to transfer knowledge of our innovations to buyers	0

Staff Incentives

a) Our reward systems include major incentives for staff to encourage Open Innovation	3
b) We are introducing incentives for our staff to encourage Open Innovation	2
c) We are not sure how to encourage our staff to adopt Open Innovation	1
d) We have no incentives in place to encourage Open Innovation practices	0

Analysing the Results

1. Transfer your answers for the twenty sections to the table below; then determine the totals for each column.
2. Complete the frequency chart using the totals for each column.
3. Calculate your position on the stepladder according to the formula provided on the section headed 'Calculating Your Position'.
4. Answer the two questions in the 'Follow Up' section.

	0	1	2	3
Technology and Business Sales				
Project Reviews				
Market Understanding				
Intellectual Property Management				
Understanding User Needs				
Technology Networking				
Sector and Investment Networks				
Use of Intermediaries				
Using External Advisors				
Business Models				
Valuing Innovations				
Optimising Value				
Opportunity Assessment				
Competitor Analysis				
Market Assessment				
Business Skills				
Product Marketing				
Partner/Purchaser Assessment				
Knowledge Transfer				
Staff Incentives				

Total at each 'Step'

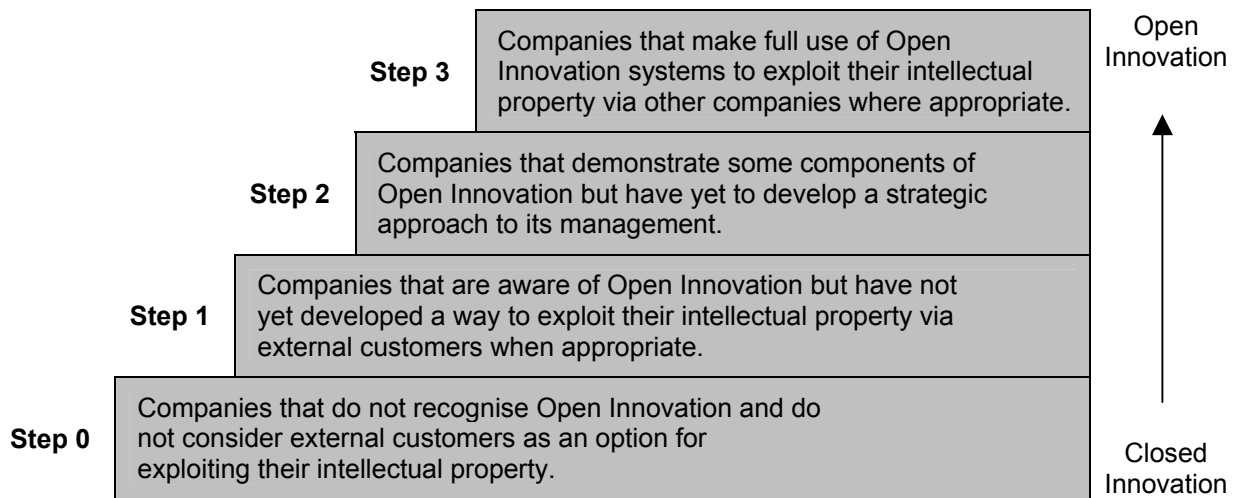
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Calculating Your Position

Number at Step 3	<input type="text"/>	× 3 =	<input type="text"/>
Number at Step 2	<input type="text"/>	× 2 =	<input type="text"/>
Number at Step 1	<input type="text"/>	× 1 =	<input type="text"/>
Number at Step 0	<input type="text"/>	× 0 =	<input type="text"/>
		Subtotal	
			÷ 20
		Position	<input type="text"/>

Characterising Your Company

This diagnostic tool characterises four types of company as shown below.



The *integral part* of the calculated position determines which of these steps your company is on (i.e. 1.75 is a Step 1 company), while the *fractional part* indicates how close you are to reaching the next step on the ladder.

Follow Up

Ask yourself the following questions:

1. Do you believe the score accurately reflects your type of company? If not, why not?

2. Do you want your company to move up the Seller's Stepladder of Innovation? If the answer is 'Yes', list some things below (at least three) that you could change to make a difference.
