

Opportunity Identification.

Part 2 - Successful Screening and Selection.

Criteria driven decisions

How often are major business decisions made by gut feel? The success of decision-by-intuition is highly unpredictable, yet occurs over and over again in the business world.

Moving into adjacent market segments, entering new product categories, or adopting disruptive technologies are some of the more valuable and critical decisions a business can make. Decisions of such impact should not be relegated to gut feel. They demand the application of carefully crafted screening criteria that embody the knowledge of an organization gained and tested over an extended period of time. Conclusions determined by criteria are transparent, consistent, and credible to the many individuals who must execute a business decision and who are ultimately responsible for making it a success.

Selecting segments

Criteria for Segment Assessment:

As presented in the February issue of *The Practical Innovator*, BIC's approach identifies and defines market segments (or product categories) along two dimensions; Needs and Delivery. Once the Needs versus Delivery space has been described and candidate market segments defined, carefully developed and defined criteria are applied for effective candidate evaluation and selection. Examples of **market segment assessment criteria** from the Healthcare Industry are shown on the table below:

Segment Assessment: Example Healthcare Industry				
1	2	3	4	5
Aligns with Healthcare Trends				
Independent of healthcare trends or mired in traditional methods		Important to potentially emerging trends		Being actively adopted by the leading healthcare entities
Offers Cost Savings Potential				
No cost savings – Cost efficiency not a target- Could represent an added cost		Potential for cost savings – either for system or specific segment		Clear demonstrable savings achieved in multiple well designed programs
Improves Healthcare Outcomes				
Limited or no impact on health status		Potential for improvement in health outcomes		Clear demonstrable improvement in outcomes in multiple demonstration programs
Fit with Competencies and/or Therapeutic Areas				
No alignment with competencies No therapeutic content		Aligned with one therapeutic area		Well aligned with three major therapeutic areas
Market Attractiveness: Growth and Profit Margins				
As defined by Client e.g. <7%		As defined by Client e.g. 10%		As defined by Client e.g. >12%

Selecting investment candidates

Criteria for Company Assessment:

The proper application of criteria supports decision-making at all levels. In the case of selecting the best candidates for investment, partnering, or full acquisition; companies are assessed by the application of criteria. For example, to evaluate potential acquisition candidates with emerging products and services offering competitive impact, one must consider the likely time to revenue or profit. An example of **acquisition criteria** within the Healthcare Industry is given below:

Potential Acquisition Assessment: Example Healthcare Industry				
1	2	3	4	5
Competitive Impact				
Commodity	Competitive A product or service not directly aligned with a key market need or trend	Superior A product or service that meets a secondary market need or trend Some Demonstration Programs Emerging Partnerships	Differentiating A product or service that meets a key market need or trend Solid Demonstration Programs Some Partnerships	Disruptive A product or service that meets a key market need or trend. Multiple Demonstration Program Solid foundational partnerships.
Time to Revenue				
Revenues in 3-5 years Trials, testing, and evaluation underway	Revenues in 1-3 years Regulatory applications completed	Revenues within 1 year Some pilot revenues Regulatory approvals granted	Revenues Now Revenues established Possibility of long range potential Regulatory approvals granted	Revenues for 3+ years Revenues established and growing Scalability demonstrated One or more solid customer linkages

Selecting new product concepts

Criteria for Product Assessment:

For many products in the nutrition and healthcare consumer space, efficacy and safety are the threshold criteria.

Product Assessment: Example Dietary Supplement				
1	2	3	4	5
10 years	5-10 years	3-5 years	2-3 years	1 year
Lacks robust data to support ingredient function or structure function claims	Some data to support ingredient function or structure function claims. Requires significant study.	Promising data to support ingredient function or structure function claims. Requires additional clinical study.	Strong data to support ingredient function or structure function claims	Statistically significant data set to support ingredient function or structure function claims
Professional opinion, anecdotal evidence	Strong non-human trials	Well-designed* trials with non-target group	Smaller well-designed* trials with target group	Large, multiple well-designed* trials with target group
Safety				
Serious transient adverse events possibly related to the study agent.	Serious transient adverse events unlikely related to the study agent.	Serious transient adverse events unrelated to the study agent.	Non-serious transient adverse events that are out of the norm.	Non-serious transient, common adverse events (e.g. headache, nausea, drowsiness, itch, GI discomfort)

* Double blind, placebo controlled

Selecting technology gems

Criteria for Technology Assessment

Potential access to disruptive technology is a showstopper criterion for evaluation of technologies.

Technology Assessment

	1	2	3	4	5
Competitive Impact					
Commodity	Competitive	Superior	Differentiating	Disruptive	
Time to Availability					
>5 years	3-5 years	3 years	1-3 years	< 1 year	
Technology Complexity					
New knowledge requires discovery	Knowledge developing - IP Filings	Known industry development initiative	Recently introduced	Available and Proven	
Access					
Competitor owns rights	University or Research Institute owns rights	Individual inventor owns rights	Non-competitor owns rights	Client company owns rights	

Proven Results

BIC's approach applies numeric rating scales linked to carefully crafted descriptions of the criteria. In our experience, numeric scales are an effective way to reduce bias and promote consistency in selection decisions across an organization. BIC teams have successfully applied criteria driven decision-making for a number of years. It can work for your organization as well.

"Our worst nightmare is to be caught by surprise by a competitor and running to catch up. BIC provided us with a more accurate picture of the outside world ...something we are not resourced to do." Global Director, Advanced Technology, Colgate-Palmolive

"BIC's process is intuitive and very thorough, allowing for those in charge of innovation functions to know that no stone has been left unturned" Worldwide Director of Long Term Innovation, Colgate-Palmolive