

3.3 Commercialization process of innovative idea and financial management of cooperative startups



e-module 3. (Social) entrepreneurship - creation of cooperative start-ups
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What is commercialization?

- ❖ *Brainstorming on commercialization, students definition and view on the topic of comercialization*
- ❖ Commercialization is placing and introducing a new, improved, or enhanced product to different markets
- ❖ It includes marketing, selling, distribution and support of the innovative idea or product
- ❖ Let us watch: https://www.youtube.com/watch?v=vh3mhD8e8zg&ab_channel=TheAudiopedia
- ❖ The most important part of development of the product is the role of consumers (*disssusion about types of consumers*)
- ❖ Feedback from consumers trough research, questioners, available data
- ❖ The information we often need from consumers is their
 - knowledge about the product,
 - motives of buying desired product or service,
 - factors that have influence shopping behavior
 - cost-effectiveness of product,
 - the demographic and social background
- ❖ Article on types of consumers: <https://rockcontent.com/blog/consumer-4-0/>



Image credit: <https://paranaportal.uol.com.br/patrocinados/publicidade-e-propaganda-mudancas-mercado-publicitario/>

Creation and evaluation of innovative idea

Innovative idea have little data and lots of uncertainty

In developing an idea there are three major steps

- Idea quality
it has to be implementable and effective
- Idea novelty
new or enhanced idea that is better than competitors and uncommon to customers
- Idea creativity
idea that is both new, adds benefit to market and is quality

Evaluation of idea

- Selection of idea
- Ranking of idea based on selection criteria (time, resources, revenue)
- Rating of idea based on points added to selection criteria

Web platforms to evaluate the design and concept in early stage of evaluation and focused on individual sales (<https://www.etsy.com/>)

If you want more:

https://www.youtube.com/watch?v=eqx-7z1qXA&ab_channel=IdeaScale



Image credit: <https://www.globsyn.edu.in/blog/revamp-your-start-up-idea-with-innovation/>

Development of the innovative product concept

In developing innovative product/idea major point is to view it from consumers side

Financial calculation – funds needed for production, marketing, advertising, transport etc.

Focus groups- for identifying gaps and give feedback on how to improve the product

Definition of end target customer – involve as much detail as possible

How the product is innovative and how will attribute to existing market and how is different from existing product 7competition products

If you want more:

https://www.youtube.com/watch?v=ZAkzpufECpA&t=17s&ab_channel=LearnWithShopify



Commercialization

- ❖ **Marketing testing and validation of the innovative idea/product**
 - used to test how the product will be used in real environment and gives valuable information about the product, it helps a startup to become known to its customers, to involve customers in their work
 - It is last stage for the improvements
- ❖ **Launch of new product**
 - Advertising the product through media channels, social media, offering discount to familiarize customers with project, offer price discount to supply chain in order to visualize the project in shops, markets
- ❖ **Evaluation of new product**
 - The last stage of the development of innovative product and its role is to objectively assess all the stages especially the marketing campaign, to gain insight into type of consumers and analyze feedback data on product upon being on the market for a certain period of time



Image credit: <https://techtalk.gfi.com/webvertising-has-the-commercialization-of-the-internet-gone-too-far/>

“Exercise- use innovative business idea and develop the product along with commercialization”

Use small scale cooperative startup, relatively new product on the market, medium competition



What is a financial plan?

- ❖ Overview of current business financials and future innovative ideas in order to further expand business ideas and products
- ❖ For startup company business needs to be sustainable, profitable and predictable
- ❖ Financial plan gives an idea about short and long-term financial goals and provides a starting point for strategy development.
- ❖ Provides realistic expectations for the success of entrepreneur's business
- ❖ potential investors along with well-developed idea will focus on financial part
- ❖ for bank loan shows that the entrepreneur has a well-elaborated plan to grow the business.



Startup cost – cost structure

- ❖ Cost that have to be calculated in the process of creating a new innovative business.
- ❖ Cost structure includes:
 - Pre-opening startup costs: business plan, research expenses, and production and technology expenses
 - Long-term assets- office equipment, technology equipment, office furniture, vehicles (transport, personal)
 - Post-opening startup costs can vary depending on the market which you would like to place your product and often they include advertising, direct and indirect promotion, employee expenses, taxes, transportation, utilities, legal services, insurance, bank loans,

If you want more:

https://www.youtube.com/watch?v=aS8egVdASKk&ab_channel=StartupsOS

STARTUP COSTS BREAKDOWN



Image credit: <https://www.iccweb.com/guides/calculate-your-startup-costs>

Startup cost – revenue models

Revenue model is a framework of startup

There are several types of startup revenue models but all have in common following:

Model is suitable for your startup -

- production, lease, selling of goods, advertising

Model is suitable for your market

- market research and analysis for „meet the needs” of customers, competition

Model has to express a value of startup

- difference to other products/ goods on the market, why you are better than competition

Model has to be Good developed for potential investors or the third party sellers and distributors of startup products

Revenue can be

- Transitional- one time selling of product, through website, in shops (example: cellphone companies, electronic companies etc)
- Recurring - repeating purchase (different types of subscription, online or in person)

If you want more:

<https://startuptalky.com/how-create-revenue-model-startups/>

<https://www.resourcifi.com/blog/best-revenue-models-for-startups/>



Image credit: <https://bitnary.info/business-transformation/unlock-digital-business-revenue/>

Balance sheet

- ❖ Overview of startups business loans, earnings, investments, tax etc. can help to investors, or key stakeholders quick overview of about your business financial health
- ❖ The balance sheet is standardized, and consists of three types of accounts:
- ❖ Assets: resources and goods owned by startup and they can be current or non-current.
- ❖ Liabilities: financial obligation and debts of startup to its creditors and can be current or non-current
- ❖ Equity: net worth of startup and can differ whether is startups own equity or shareholder equity and simply is the amount of cash left after the liabilities are paid and assets sold.

If you want more:

<https://www.thebalance.com/investing-lesson-3-analyzing-a-balance-sheet-357264>

How To Read a Balance Sheet

Balance sheets are based upon the equation:
 $Assets = Liabilities + Shareholders' Equity$

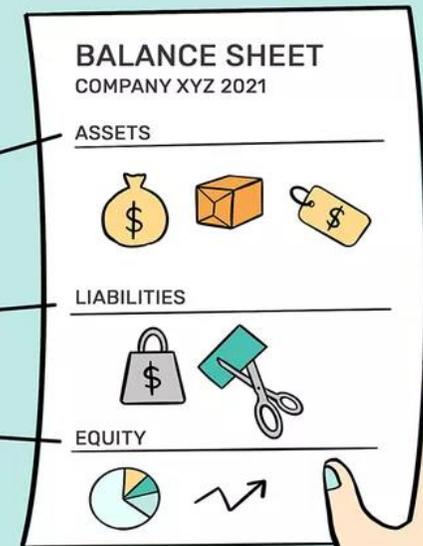
Assets: Includes total current assets and all other assets

Total current assets include

- * Cash
- * Cash equivalents
- * Accounts receivable
- * Assets being sold

Liabilities: Includes total current liabilities and all other liabilities

Shareholders' Equity: Generally includes preferred stock values, common stock values, total equity values, par values (if the company issues bonds), and retained earnings



“Exercise- use innovative business idea from previous “ development commercialization process” and create financial sheet on some numbers in several scenarios”





TRAIN-CE-FOOD project

<https://traincefood.si/en/home-english>

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