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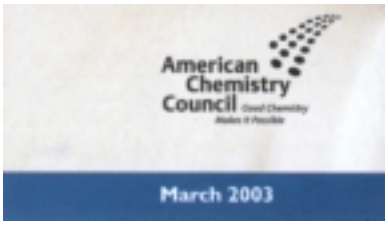
By Richard A. Siegel



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How Dow's "summit" approach helps the company determine if a product is market-worthy.

Dow's new polymer showed a lot of promise, but before going ahead with it, the company wanted to make sure it could convert that promise into commercial success. So it took the polymer to market, and let the market judge its value.

For companies like Dow that invest heavily in R&D, the challenge isn't so much developing new technologies as getting them out the door. This is particularly true of new chemicals that may have applications in a dozen or more industries. Salespeople using traditional methods simply cannot bang on enough doors fast enough to get the job done.

Looking for a better way to commercialize new technologies, Dow Chemical chose to let a professional intermediary help it discover market direction for its new Insite® technology in the adhesives and other markets. The intermediary's assignment was to introduce the technology to leading companies in a number of industries, while keeping Dow's name confidential. The goal was to eventually bring top decision-makers - people who could commit tens of millions of dollars to a new technology - together to debate the values of the technology and give unvarnished opinions of its commercial potential.

How could Dow expect these companies to participate in such a process? Participating companies had a huge incentive: They knew that by taking part they would get first crack at the new technology.

Dow's hope was that the new technology could develop into a core business with hundreds of millions of dollars in revenues, and that this meeting would accelerate the process by building the kinds of commercial relationships necessary for success.

The process began with a series of planning workshops in which a project team from Dow discussed the polymer's properties with the intermediary and then defined objectives, deliverables and metrics to guide the program.

Based on the decisions made at the workshops, the intermediary identified and engaged 12 top decision-makers from market-leading, non-competing global companies to participate in the "summit" conference. To prepare for this meeting, companies were given a 107-page briefing document.

A few weeks later, after the participants - vice presidents, department heads and directors - had absorbed the briefing document, the intermediaries brought the decision-makers together for a meeting. None knew that the sponsor was Dow. Such anonymity helped ensure objective evaluations of the new polymer. It also meant that after the meeting, Dow could target specific companies for follow-up meetings, without disclosing its identity to the others.

During the meeting, the participants gave evaluations of the polymer vis-à-vis their own company. They estimated the near-term commercial value of the new material would be in excess of $400 million.

The meeting was videotaped, and a transcript, along with accompanying "key issues," was prepared. Individual follow-up meetings were held with participants who had expressed interest in making commercial use of the polymer to better understand pricing strategies for sales, property profiles for R&D and product positioning for marketing.

Just as the process had begun with workshops, it ended the same way. The intermediary and a project team from Dow held an intensive three-day review of the input from the participating companies, prioritizing results and planning the next commercial steps.

The first participant to create a major product from the polymer was H.B. Fuller, which used it to develop two new lines of hot-melt adhesives, Advantra® and Clarity®. At the time, hot-melt adhesives had become a commodity with manufacturers competing mainly on price. Advantra proved so superior to other hot melts that it was able to breach the price barrier and obtain the position as a leading product line. Despite this premium price, the new adhesive cut manufacturing costs because its superior bonding enabled users to achieve better results with less product.

H.B. Fuller's use of the polymer in two new lines of adhesives was just one of Dow's successes through its use of the summit approach. During a period of years, Dow has used intermediaries on 19 separate new technology projects.

“The summit approach links a technical or operational concept to the market, helps establish value and gains commitment from potential customers,,, said Kurt Swogger, vice president of polyolefins and elastomers R&D for Dow. “Besides validating the worth of the concept, this approach greatly reduces development time and gives us a much clearer understanding of what is really unique and valuable to potential customers. Consequently, we've been able to launch products into the marketplace much more quickly, with a much higher success rate.,,

Sometimes the R&D pipeline has so many promising new technologies that it's difficult for companies to tell where to focus their finite resources. Using a trusted intermediary and a systematic process enables them to cut through the clutter and quickly find the best direction. In some cases, the process uncovers new technologies that promise to add hundreds of millions of dollars in revenue. In others, the process saves tens of millions of dollars by cutting off funding from technologies with revenues that are likely to be disappointing. In sum, whether a new technology proves its commercial worth or not, the company gains valuable information that enables it to make best use of its resources and maximize its opportunities.

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