

Assess Your Assets: What's in Your Attic?

BY ADAM ELBOIM


Low-cost innovation shouldn't mean boring or incremental innovation. Sometimes true innovation is as easy (and inexpensive) as evaluating the technologies and capabilities you currently have and expanding them to a new industry or customer base. In the current economy, building a competency in asset evaluation and creativity could make the difference.

Over the past two years, businesses have purged expenses across almost every category in order to remain afloat. Almost six million people have been laid off and business investment has plummeted. Today, business leaders find themselves in the unenviable position of wondering where they can find elusive profit growth with little investment, since they cannot cut much more without destroying core businesses.

Free opinions and suggestions abound on how to improve our personal finances. "Earn \$\$\$ using your home computer" a lawn sign reads in the median of a nearby highway. The front page of a financial website reads "6 ways to increase your income in a big way." Although we may choose to disregard these pitches and brand them as gimmicks in our personal lives, learning from the concept behind these signs provides an opportunity for business leaders to create something out of almost nothing.

Here is why: When economic depressions make returns on investments less predictable, businesses tend to limit innovation to incremental improvements or line (product) extensions. The extensions look, feel, and perform much like the original, they are relatively risk averse, and they exhibit the feel of innovation so that outwardly the firm does not look like it is stagnating. The problem is that line extensions often provide limited economic value, as they can cannibalize sales on core products and can sometimes confuse consumers of the brand if they are not executed correctly.

Truly innovative and resourceful companies will reevaluate their existing assets, intellectual property, and product lines to develop completely new streams of revenue with little investment. The assets are already there. All the company has to do is unlock the revenue-generating power of those assets, which coincidentally is the central point of those annoying signs along the highway: "Use something you already own to generate income in a whole new way." Some business leaders are grasping this concept and are reaping rewards.



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VIEWPOINT

There are plenty of success stories to show how this simple philosophy has been used in practice:

- Mars has had the technology to write “M&Ms” on little candies without smudging for decades. Recently, they created a multi-million dollar business using the same machine to allow people to write customized messages on their M&Ms.
- Oceaneering was once only applying its hydraulic technology to deepwater remote operated vehicles and other oilfield related products. That is until they had a meeting with some Hollywood executives who wanted to use their technology to power large dinosaurs for *Jurassic Park*. Revenues from the entertainment industry now make up over 15 percent of Oceaneering’s top line.
- Play-Doh used to be a wallpaper cleaning product with dwindling sales, and all it took was the willingness to change markets and a clever revenue-sharing agreement with Captain Kangaroo to convert Play-Doh into one of America’s most successful children’s toys.
- Airborne LIDAR technology originally developed for defense applications has recently been adapted to enable the detection of leaks in natural gas pipelines.


In each of these examples, the core technology behind the innovation already existed and the expense associated with its development had been incurred many years prior to the new application.

Launching new products in this climate doesn’t necessarily require a large investment. It just requires that business leaders know what assets they have to exploit and the vision to use those assets for unintended alternative commercial applications. Are there valuable technologies hiding in your attic?

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