



Measuring the Quality of a Commercialisation and Exit Strategy

An abstract for the Small Enterprise Association of Australia and New Zealand 16th Annual Conference, Ballarat, 28 Sept-1 Oct, 2003.

Dr Tom McKaskill
Professor of Entrepreneurship Education
Australian Graduate School of Entrepreneurship
Swinburne University of Technology
Cnr. Wakefield and Williams Streets,
Hawthorn, VIC 3122, Australia
Tel: +61 (3) 9214 8422
Fax: +61 (3) 9214 8381
tmckaskill@swin.edu.au

Abstract

Over the last 9 months, Professor Tom McKaskill and Dr. Ian Smart have developed a series of Ready Indices that help to determine the quality and progress of various stages in R&D commercialization and private equity exit of new ventures. Each index has been developed by examining successful ventures and determining their attributes. These attributes then become the goal posts of an emerging venture. Progress towards each goal is then measured using the following scale:

Level of Attainment

Nothing Done	Little progress	Reasonable progress	Significant progress	Fully attained
1	2	3	4	5

A series of indices have been developed, tracking the various stages of the commercialization and exit process. These are:

IP Ready Index

This index looks at the probability that a specific piece of science should and could be commercialized successfully. It takes into account not only product/market characteristics, but also organizational and inventor attributes.



Commercialization Ready Index

Assuming you have found some great science, is the institution capable of successfully commercializing it? This looks at the probability of creating a successful spin out vehicle. Attributes of the inventors, institution and spin out firm are examined.

Trade Sale Exit Ready Index

More than 90% of new ventures will exit via a trade sale. This Index looks at the stakeholder alignment, due diligence and strategy planning that is required to achieve a successful trade sale.

IPO Ready Index

Few firms can successfully achieve robust after market conditions. This Index looks at the enduring attributes that need to be in place for a firm to successfully raise multiple rounds of funding from public markets. It includes governance, product/market, management and strategy attributes.

The purpose of the indices is to scientifically measure the current state of a strategy, identify where work and changes are required and then provide the basis for a plan that can bring the level of readiness up to a point where the probability of success is relatively high. Over time the Indices can provide a means of progress monitoring that might be used as the basis of funding or of establishing accountability.

The indices are in the development phase. Each has been constructed in conjunction with industry partners and has been subject to scrutiny by experienced professionals. In some cases, they have been adopted in their untested form as they provide real added value. However, to have scientific rigor they still need to be validated against historical data and then validated as a predictive indicator in a longitudinal study.