

# Inventors Wanted

For decades big corporations have turned down product pitches from entrepreneurs. Now they're changing their tune.

**S**MALL-BUSINESS PEOPLE WHO WANT to license or sell their inventions have traditionally received the slammed-door treatment from big companies. But a tale of two garbagemen (or, if you prefer, innovators in the waste-management space) illustrates how that's changing, thanks to a concept called Open Innovation.

Fred Sulpizio, a retired Philadelphia adman, invented a trash bag with a built-in device that keeps it from collapsing as you fill it. Sulpizio spent \$22,000 on the "Open and Go" bag and six years knocking on corporate doors. For his pains he received a stack of rejection letters. His prototypes were sent back unopened, and he never even knew whether his letters reached the right person. "Companies didn't give me the time of day," sighs Sulpizio.

Sulpizio's treatment is typical of the traditional corporate model, where all research and development is done in-house and the tacit motto is "If it wasn't invented here, we don't want it." Even seemingly enlightened companies operate this way. Call or write Starbucks, for example, to propose they use your patented robot barista, and you will be discouraged from submitting your proposal. If you insist on submitting anyway, you must sign an agreement that the idea belongs to them—with no compensation for you. Starbucks, like other companies with such policies, says it isn't simply being standoffish. These firms are trying to avoid copyright infringement lawsuits, and they don't want to hire staff to sort through proposals.

But Greg Swartz, 45, of Anthem, Ariz., has


had a nontraditional experience. He invented a battery-operated odor-eliminating device called the "Hang 'n' Fresh" that hooks inside garbage cans. Swartz sent an e-mail describing the product to Procter & Gamble. He received a response in 24 hours, along with relevant feedback, and one of the company's departments is now considering it. If the product gets the green light, someone in Swartz's position could negotiate a royalty-paying license agreement, start a development project with the company or even sell the idea outright.

What's changed? In a world of widely distributed knowledge and R&D cutbacks, more companies realize they can't rely solely on their own research and should buy or license intellectual property from others. This Open Innovation approach came first to tech companies; now pharmaceutical and consumer-product companies are on board, says Robert Wolcott, a professor at Northwestern University's Kellogg School of Business.

Once cloaked in secrecy and suspicious of outsiders, P&G was formerly dubbed the Kremlin on the Ohio by its employees, but now "we want to be on your speed dial," says Jeff LeRoy, external relations manager. It set up an external-

## One inventor gets rejection letters; the other gets feedback and a shot at a deal.

ideas program in 2001: Last year P&G received 3,740 submissions, and it currently has 1,000 contracts under the program, some involving millions of dollars.

Of course, not every half-baked idea gets a hearing. One submission that didn't cut it at P&G: a shoe that looks like a foot. Note to inventors: Only send patented products or services, with a business plan that shows your market research and your understanding of the company's product lines. But beware the passive-aggressive corporation. Sure, more companies *say* they are open to outside ideas, says Vandy Van Wagener of Evergreen Innovation Partners, a Colorado consultancy that's helping Sulpizio and others bring their products to market. But, he cautions, "good products can still fall through the cracks." 

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