



25 Tips for Renewable Energy Businesses

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Does Your Business Strategy Deal with the Reality of Intellectual Property Theft?

Are You Connected up to Comprehensive and Fair-minded Industry Analysis?

Is Your Business Deploying the Best Practices in Search Engine Optimization and Social Media?

Does Your Company's Brand Match Your Customers' Self-Expression?

Does Your Enterprise Generate Enormous Amounts of Free Public Relations and Publicity?

In general, renewable energy businesses face hardship, as the established energy industry has seen to it that the deck is stacked against you.

Wrap your wits around each of these 25 concepts, and don't make a business mistake that could take a difficult task and transform it into one that is simply impossible.

I'd like to take this opportunity to pass along a few tips that I've gathered through my 25+ years as a business consultant. As readers may be aware, I spent the bulk of my career working to increase sales revenues in companies with business-to-business products and services. Most of my work was for the Fortune 100: IBM, AT&T, Hewlett-Packard, Sony, FedEx, etc., but a great deal of it was for venture-capitalized start-ups and everything in between. This gave me the opportunity to gain real-world understanding of numerous business processes, and to develop an informed opinion of what works – and what doesn't – in business. I believe, looking back on those days, that some of my experiences may be valuable to those wishing to expand businesses in the renewables sector.

I've decided to organize these tips into various larger categories that I hope the reader will find useful in addressing issues of specific concern. Let's get started.



Protection of Intellectual Property

1. Expect IP Theft

An IP protection attorney friend of mine reminds me frequently that the question is not IF a good idea will be stolen, it's WHEN it will be stolen. Non-disclosure agreements and patent protection – both domestic and international – are not guarantees that your intellectual property will remain yours, and today's globally connected world makes theft even easier and faster than ever before. As you read this, recognize that there are buildings all over the world in which patented products are being ripped apart and reverse-engineered for the purpose of being developed and sold under different “ownership.”

2. Create a Business Strategy that Deals with The Reality of IP Theft

There are a number of ways to combat this, none of which is perfect, but each of which should be considered. One I call “Make It Too Cheap To Steal.” Philips Electronics, a wonderful old client of mine, had the patent on the form factor for the audiocassette tape that was ubiquitous for several decades. They licensed it to anyone who wanted to use it for \$0.001 apiece (yes, that's one-tenth of a cent). They made a fortune with the arrangement, since no one had any incentive to do anything but send them a bit of money each month.

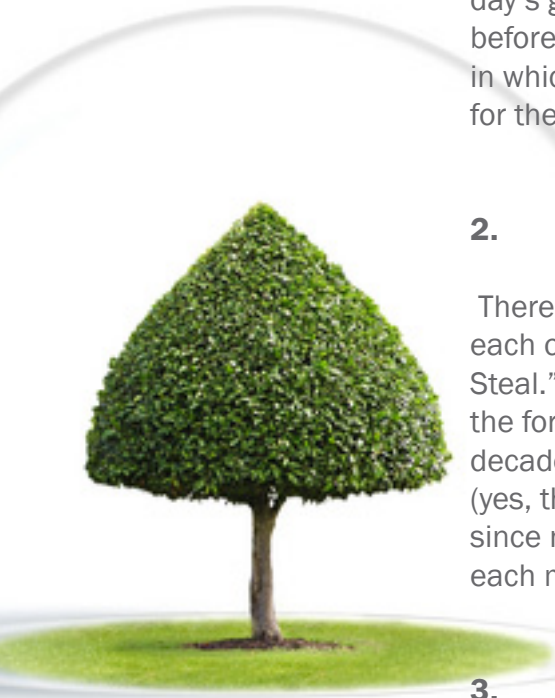
3. Move Fast

Establishing early market dominance creates a huge barrier for competitors – legitimate and otherwise. See the section on marketing and PR below, and recognize that things like Closed-Loop marketing can be fully implemented in a matter of a few months.

There appears to be considerable support for the idea of the so-called “second-mover advantage.” See: http://en.wikipedia.org/wiki/Second_mover_advantage. I'm sure there is something to this (though I couldn't tell you the name of the second person who came to the New World after Columbus). But regardless of where you stand on this, it doesn't mitigate the need to move quickly.

4. Make A Huge Media Splash

A client of mine will be offering a unique technology to the auto OEMs, but not before going on CNN and announcing the idea (and his ownership thereof) to millions of people. He's heard the stories of the car companies overtly stealing from little guys, about how they use their gaggle of lawyers to make it rain longer than the inventor can tread water. He told me, “If they're going to steal it, they're going to have to do it front of millions of people.”



Business Plans

I've read hundreds of business plans, and have noticed that the good ones have certain things in common:

5. Lucidity

Once you think you have the final version of the plan, leave it alone for a few days, re-open it, and read it, preferably aloud. Do you still like it? Is this exactly the way you want your reader to apprehend your ideas?

I know a very few people who can write perfect prose right off the top of their heads; they are extremely rare. I'm certainly not one of them, and the odds are that you're not either. Take the time to make sure you're expressing yourself in the clearest and most professional manner possible.

6. The Customer-Centered Business

Successful businesses are built from the outside in, not from the inside out. That is, great businesses are created around a profound understanding of the needs of their customers, not around themselves and their products. Customer-centricity means offering value in terms of facilitating a certain lifestyle to which one or more customer segments aspire. Today's sharp investors have an acute appreciation of this point, and tend to view business plans that focus on the company's products (and their features, advantages, and benefits) as passe.

Here's a great example. There are thousands of places all over the globe to buy running shoes. Most position themselves around their products: light-weight, high-quality, excellent support, affordable, long-lasting, etc. Enter Roger Soler's Sports. Originally a typical retailer of athletic shoes, the store began to tap into the true psyche of the runner, and started to mirror the passion that runners have for their lifestyle.

Now, the company's website (<http://www.rogersoler.com/>) provides information on as many of the core issues facing runners as possible: marathon schedules, race results, nutrition, hydration, chiropractic, etc. The Running Store has positioned itself as the organization that has wrapped itself around the runner's lifestyle.

7. A "From-To"

Another way of expressing the idea above is by articulating what I call the "from-to." What is the old customer workstyle/playstyle that your business will replace? Where and how do you propose to make a conversion? Why is the new one better in a qualitatively different way? You won't be able to expect too much investor interest in your project if it offers no such transformation.



8. A Solid Executive Summary

Tell the highlights of the story in a few pages, and let the reader, at his option, go for the details in the appendices. Don't expect the reader to spend more than a few minutes with the document before he comes across a clear and convincing statement of an unmet market need, and a profitable way of fulfilling that need with your product or service.

9. Honest Sales Projects

Don't embarrass yourself with a ridiculous degree of precision, for example, projecting 101,266 unit sales in year three. Instead, point to, and explain clearly the main trends and business issues that will create a certain percentage of growth. Honesty, fairness, and respect for the intelligence of the reader are always held in high regard.

Sales Force Management and Distributor Channels

10. Do You Need Dealers?

Don't sell through channels if you don't have to. Dealers and other resellers offer access to their customer base, and provide "feet on the street" that create logistical convenience. But they generally don't offer anything close to excellence at sales or marketing; in fact, they often function merely as order-takers. Further, they sell what makes them money. Understand this motivation and don't put yourself in a position where you're expecting a true business partner.

Let's say you're a start-up electric vehicle OEM whose product needs 1/50th of the service of that of the internal combustion engine equivalent. If you're hoping that a car dealer that makes its money on service will loyally represent that product and effectively sell it for you, you're kidding yourself. If you want loyalty, get yourself a dog.

11. Understanding the Motivations of Direct Sales People

I'm always amused at the anxiety that senior management tends to have about its sales organization – given the obvious mismatch of incentives. "We wish they would be more diligent about presenting a certain set of products, capabilities, relationships, values, etc.," I hear them say. "We don't understand why they won't follow our orders." These are people who obviously didn't read that fantastic article in the Harvard Business Review years ago called "The Folly of Expecting A While Rewarding B." You didn't really have to read the article; the title says it all.



12. Conduct Win/Loss Analysis

Every major deal that is won or lost by the sales force should undergo analysis. Where you were successful, what were the major drivers that contributed to that success? How do perceptions of these factors vary between the rep who closed the deal and the prospect or customer himself? Conversely, where you lost, what went wrong? What can you learn so as not to repeat the error? It is only through honest, objective analyses like these that you will be able to improve your sales and marketing processes continuously.

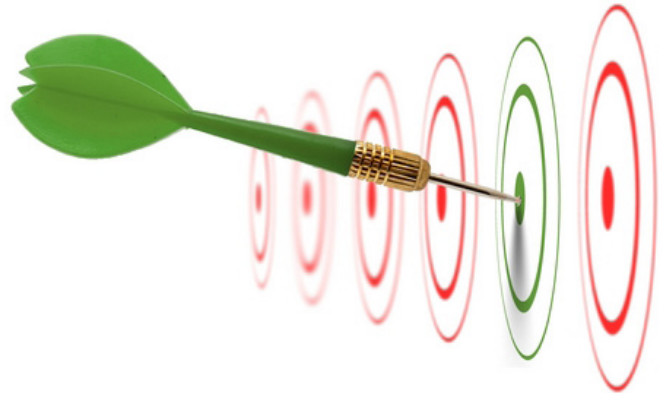
13. Establish Closed Loop Lead Management

Of course, many of the people coming to your website or otherwise asking to learn more about your company will have long-term, casual interest, and require no immediate follow-up. On the other hand, a certain percentage represents solid, near-term opportunity. Establish a practice of contacting and qualifying each person who expresses an interest, and develop a standard sales process by which prospects are moved through logical phases: establishing the technical fit, the business case, the cost justification, etc. Ensure that your sales force is dealing only with well-qualified prospects, and that longer-term prospects are nurtured with procedures that require no resources from sales.

Marketing

14. Conduct Primary Market Research

Don't guess about important issues affecting your company and the way in which its products and/or services should be positioned in the market.



Implement a statistically valid series of market research surveys with randomly chosen people who are representative of various target market segments, in order to understand the specific nature these market segments and the unmet need that you hope to fill.

Come away with valid answers to questions like these:

- What are the main frustrations of key decision-makers in your target industry? Where is their attention focused?
- How does the market respond to the sales model that you propose?
- What are the market's perceptions of the value of competitive solutions?
- Which market segments have the most interest in your technology? Why?
- What are the main criteria by which these decision-makers review the various solutions that are available to them?
- On what sources of information does this market generally rely? Which industry spokespeople or groups are held in highest esteem?
- What can we learn about the typical decision-maker's style of exploring this topic?

15. Positioning – Match Your Brand to Customers' Self-Expression

Now use the research you've conducted to understand a target market's "self-concept." Generally, people like themselves; they approve of who they are and how they think. And they manifest this self-concept by aligning themselves with brands that reflect that approval back to them. If you doubt this, I offer this simple challenge: write down a few of the values that are at the core of your own self-concept—the beliefs that make you who you really are. I think you'll find that the car you drive, the clothes you wear, the books you read, etc., are all a very direct reflection of those values.

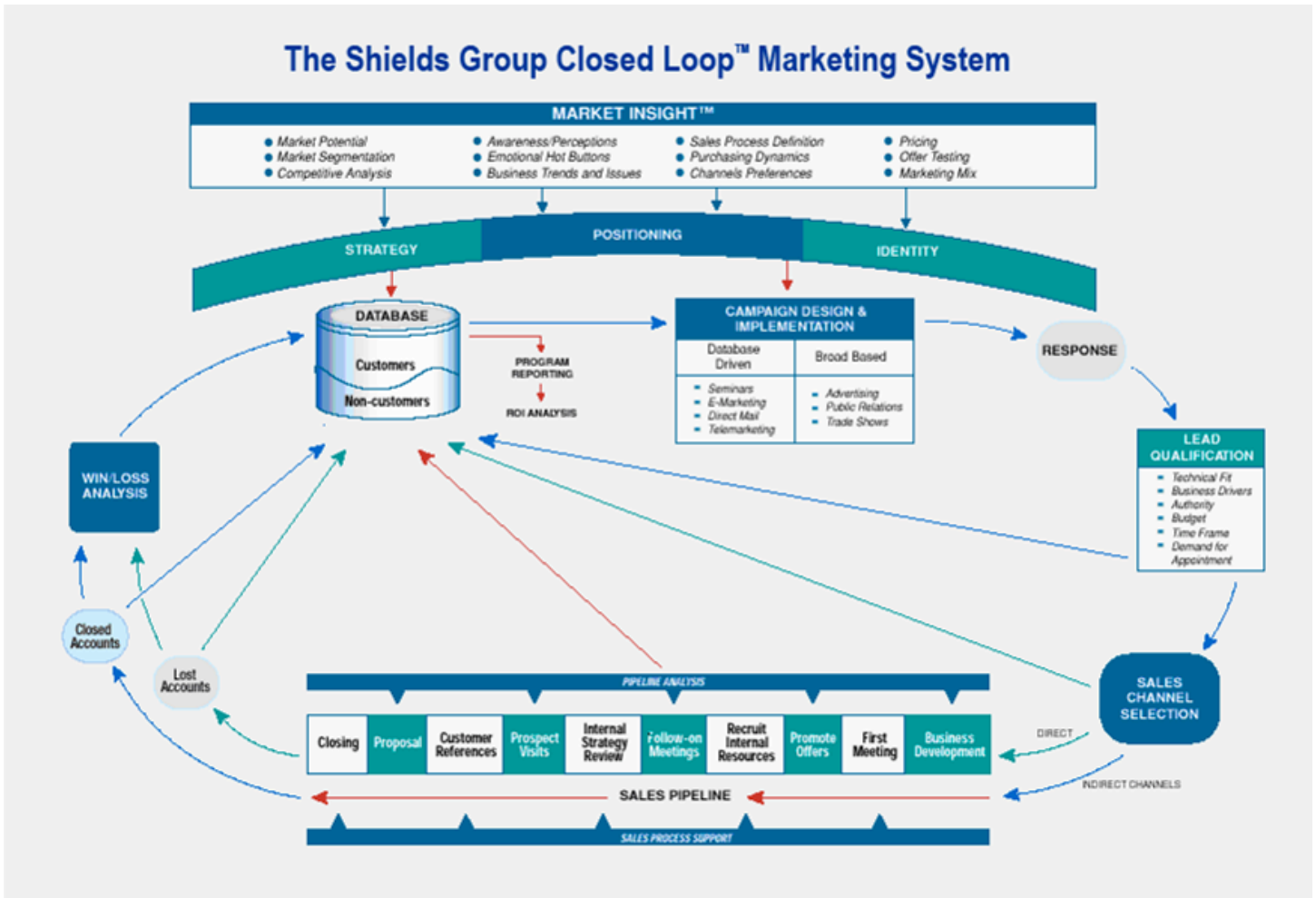
Reorganize your company around your customers and their lifestyles, keeping in mind that this requires penetrating insight into their self-concept. From there, fashion your company with a brand that reflects this self-concept, and enables customers to express it through their interaction with your company.

16. Implement Closed Loop Marketing

In order to drive sales in the most efficient manner possible, consider deploying Closed Loop Marketing, established in response to the frustrations and challenges faced by those responsible for driving sales revenues in industrial (B2B) markets. Confronted by the rising costs of sales calls, and huge inefficiencies in sales and marketing processes, B2B marketers needed a way to identify truly qualified sales opportunities, using a rigorous, disciplined, database-driven process. Closed Loop Marketing was formed to provide this precise solution.



Each of the components named above work together as a cohesive whole, as described in the flowchart below:



Public Relations

17. Consider Public Relations Before Advertising

In their seminal piece *The 22 Immutable Laws of Marketing*, Jack Trout and Al Ries reminded us that new ventures are not best promoted with advertising, but rather with public relations. When done correctly, PR is responsible for enormous quantities of extremely positive publicity on the company, its principles, and its mission.

When my friend and colleague Jake Jacobson launch his book *Heart and Hands, Instrument Makers of America*, he and the publisher worked out a relationship with the Smithsonian Institution. Together, they created an exhibit that traveled around the world and current resides at the Museum of American History in Washington DC. Jacobson's interview on "Good Morning America" also contributed to the book's success. But no one even thought about spending a dime in advertising.



18. Build PR Around People

We find that the process of public relations is easiest when such publicity is centered on a specific individual (as opposed to a company, product, etc.) who is selected, and fashioned as an industry spokesperson and luminary. Such publicity tends to build on itself: In month #1, the person publishes a book, in month #2 he's heralded as a published author, in month #3 the published author is speaking at an event, etc.



Product Engineering

19. Swing for the Fences

Marginal improvements in functionality, efficiency, etc. are not worth forming businesses around. I know this may sound shocking and unkind, and I'm sure the reader can cite numerous good, compelling counter-examples without too much difficulty. But in renewable energy, look at the magnitude of the challenge you're dealing with. The reason you and I are still pumping gasoline into our cars is energy density. We're in love with the 33 kilowatt-hours per gallon, but we hate the numerous problems caused by the extraction, shipping, refinement, and consumption.

The earth receives 6000 times more energy from the sun each day than the 6.8 billion of us consume. That is, we need a way to capture 1/6000th of that energy, and the game is won, now and forever. My point is this: I would urge you not to waste your time writing a business plan built around a technology that provides a few percent better gas mileage, while others are aiming at (and will soon achieve) ways of totally turning this around.

In the words of legendary venture capitalist [Vinod Khosla](#), "Since one fails often, address markets that make it worthwhile when one does succeed."

20. If You're Going to Challenge Conventional Wisdom, Do It Convincingly

I review submissions for what are essentially perpetual motion machines at the rate of about one per week. And by the way, I read each of them carefully and with no derision, because I'm sure that eventually, mankind will come to an understanding of the cosmos that will make all us 2009 people look quite foolish, as paradigmatic breakthroughs have been doing since the dawn of civilization. Having said that, understand that if your invention suggests 1 Watt in and 2 Watts out, you're presenting this to people who have been taught since they were babies that you're a liar or a fool.

In any case, if your solution to the world energy crisis is rooted in burning hydrocarbons, recognize that you face the challenge of competition from solutions like solar, wind, geothermal, etc. that do not.

Online Marketing and – Social Media

21. Demand a Top-notch, Cutting-Edge Approach to New Media

"Online marketing" is a term that encompasses a large area of specialized technological and promotional disciplines to sell products and services via the Internet. With more and more companies moving their advertising budgets from traditional media to online marketing, the game is increasingly becoming more and more competitive. And for most businesses, more and more vital to their bottom line.



Online marketing is much more than building a website. In fact, as any business can verify after establishing a web presence, that's merely the beginning of an ongoing marketing and communication evolution that includes publicity, advertising, and sales, and which is continuously refined to engage prospects for the purpose of selling products and services. Depending upon the sophistication of your products or services – and therefore how long it may take to move through a typical sales cycle – the process can be as simple as publishing a product description with good photos and copywriting and then advertising it. Or, it could be more complex, such as creating and maintaining an online information media channel designed to engage as many types of buyers along as many points of the sales process as possible. For complex and/or expensive products/services, the sooner you can engage a prospect along their research-to-purchase decision path, the more opportunity you create to establish and build a relationship and demonstrate that you are the solution to what they need.

Although each of the following areas of online marketing comprises its own body of knowledge and expertise, recognize that if you're going to effectively take advantage of online marketing opportunities, these points need to be contemplated:

- Lead Generation
- B2B and/or B2C Sales
- Email Marketing and Relationship Building
- Search Engine Optimization
- Search Marketing (Online advertising)
- Strategic use of Blogging, Video and Social Media
- Affiliate marketing
- Web design and usability

The more these points can be practically and strategically implemented, the better your online marketing results will be.



Industry Analysis

22. Get Various Perspectives

2GreenEnergy is blessed with dozens of friends who are far smarter than I'll ever be, with long, impressive track-records of getting at the underlying truth with penetrating independent analysis. I try to add value where I feel I can, but I urge the reader to stay on top of where all this is going from a variety of perspectives, starting with the big boys.

- Established in 1977 and headquartered in Golden, CO is the National Renewable Energy Laboratory. Part of the Department of Energy, "N-REL" as it's pronounced, has a staff of over 1000, and works to develop and promote renewable energy technologies. We have already begun to see an enormous amount of activity here under the Obama Administration, and the website <http://nrel.gov/> is a great place to keep in touch.
- Located in Palo Alto, CA, the Electric Power Research Institute, or EPRI, is an independent not-for-profit group funded cooperatively by all participants in the electricity industry—public and private. Activities include numerous research and development efforts aimed at generating electric power with renewable resources. See: www.epri.com.

23. Examine the Motivation of the Author

I urge you to understand the motivation of the source of what you're reading. I believe that a big reason for the popularity of www.evworld.com is that its editor-in-chief, Bill Moore, clearly has no axe to grind when it comes to various vendors of EV technology: OEMs, battery suppliers, etc. He is clearly an advocate for the industry generally, but I think we all appreciate the even-handedness with which he acknowledges the importance of Detroit in moving the industry forward – even though Chris Paine (maker of the film "Who Killed The Electric Car") sits on the EV World Board of Directors.

My point is this: Try to stay apprised of the widest possible range of voices that speak to where the industry is going - the macro trends, the technology breakthroughs, the newly forming alliances, and large grants, etc.

24. Put Politics Aside

In many cases, staying in touch with where the industry is really going means assimilating information and perspective that may not align to where you are politically. If you're a right-wing republican bow-tied single-malt Scotch-drinking country-clubber, you probably don't spend too much time at www.truthout.org or www.democracynow.org, yet I urge you not to discount that line of thinking and reporting vis-à-vis the mainstream media. Conversely, if you're a liberal-minded universal healthcare advocate, you may think of Glenn Beck and the other folks at Fox as a bunch of fascist idiots. But again, understand that these viewpoints are extremely popular and should therefore not be ignored.



General

25. Don't Be Afraid To Reach Out For Help

I hope I haven't scared anyone with these 25 areas for concern; in fact, I hope the typical reader takes the "glass is half-full" approach and looks at each of these areas as an opportunity for success, rather than failure. In any case, I urge anyone in the renewables industry to stay connected to the world of external resources: authors, consultants, researchers, and public sector entities, and, as I suggested earlier – swing for the fences.

Call 2GE for FREE Consultation

If you'd like to discuss any of these issues and how they apply to your specific business, please contact us at 2GreenEnergy for a FREE consultation.

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