

Design and Development Plans

The nature and extent of any design and development work and the time and money required before a product or service is marketable need to be considered in detail. (Note that design and development costs are often underestimated.). Design and development might be the engineering work necessary to convert a laboratory prototype to a finished product; the design of special tooling; the work of an industrial designer to make a product more attractive and salable; or the identification and organization of employees, equipment, and special techniques, such as equipment, new computer software, and skills required for computerized credit checking, to implement a service business.

A. Development status and tasks.

- Describe the current status of each product or service and explain what remains to be done to make it marketable.
- Describe briefly the competence or expertise that your company has or will require to complete this development.
- List any customers or end-users who are participating in the development, design, and/or testing of the product or service. Indicate results to date or when results are expected.

B. Difficulties and risks.

- Identify any major anticipated design and development problems and define approaches to their solution.
- Discuss the possible effect on the cost of design and development, on the time to market introduction, and so forth, of such problems.

C. Product improvement and new products.

- In addition to describing the development of the initial products, discuss any ongoing design and development work that is planned to keep the product(s) or service(s) that can be sold to the same group of customers. Discuss customers who have participated in these efforts and their reactions, and include any evidence that you may have.
- With regard to ongoing product development, outline any compliance issues relating to new, pending, or potential environmental legislation. Discuss any green technologies or production capabilities that could enhance sustainability.

D. Costs.

- Present and discuss the design and development budget, including costs of labor, materials, consulting fees, and so on.
- Discuss the impact on cash flow projections of underestimating this budget, including the impact of a 15 percent to 30 percent contingency.

E. Proprietary issues.

- Describe any patent, trademark, copyright, or intellectual property rights you own or are seeking.
- Describe any contractual rights or agreements that give you exclusivity or proprietary rights.
- Discuss the impact of any unresolved issues or existing or possible actions pending, such as disputed rights of ownership, relating to proprietary rights on timing and on any competitive edge you have assumed.