

The PARAGON Perspective From the President

PARAGON Perspective is sponsored by PARAGON Development

We want to use this newsletter to do the following:

- Share information we have learned that we consider important concerning best practices, trends, successes and failures, conferences, and other elements that will enable all of you to grow your organizations with maximum top and bottom line results.
- Share information about select client initiatives that may be of interest based on technologies, markets, or business needs that you believe could fit within the scope of those client's interests.
- Share personal observations and even humorous items given to us by others.

We welcome your comments on any topic and encourage you to contribute to future newsletters. The PARAGON Perspective is now in its sixth year. We thank everyone for their newsletter contributions and for the ideas and suggestions that have brought recognized improvements and made it easier for us to produce.

All issues of *The Paragon Perspective* are archived on our website so you may easily pass along past issues to colleagues.

This and next months' newsletters will discuss the business development topic of Partnering. Our next month's issue will discuss "partnering with new partners". This month's topic highlights: "**Partnering in New Ways with an Existing Partner**".

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Paragon Update

PARAGON has already surpassed the level of business for any previous year fourth quarter; so it is certain this will be a record setting year. The growth in our business has been primarily in two areas. One is in non-industrial/materials based business and the other is in strategic areas such as growth platforms and acquisitions. In many cases, these overlap but not in all.

We are starting new projects in October in: adsorbants; bio-engineering; rubber additives; and new sterilants. More information will be shared as we get further into the projects.

Conferences

This space is reserved for announcements of conferences or events that may have value to our readers.

LES (Licensing Executives Society)
Vancouver, BC
October 14-17, 2007

The L.E.S. is the best conference and organization for issues well beyond licensing and I.P., including value in technology transfer and methods to value, evaluate, and commercialize technology with much broader 'take-aways'. The conference is very reasonably priced, includes many amenities in the overall program, the presentations are very informative and is always well attended to present networking opportunities and valuable.

Information and registration can be found at: <http://www.usa-canada.les.org/>

Technology Transfer/Capabilities

This section is open for clients, friends, and other newsletter recipients to spotlight technologies they have available for licensing, acquisition, development, or could be available to use. Please send a description of your

technology to be posted in this section for future newsletters. Inquiries can either be sent directly to those who have posted information, or, we could forward any/all inquiries to you. This section highlights non-client project technologies.

This newsletter has a distribution of several thousand individuals who are primarily in new business development, so the audience has the potential to generate legitimate interest. We do reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

Technologies of Interest

1. Two related technologies available for licensing or joint development are:
 - An ability to make low cost robots
 - An ability to create software to program robots
2. New technologies of interest for license or acquisition are:
 - Specialty adsorbants
 - New and novel blood clotting technologies

Anyone with technologies fitting the above should contact us and we will forward the responses to our clients so they can contact you directly.

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Quotes of the Month

“Nothing arouses ambition so much as the trumpet clang of another’s fame.” *Baltasar Gracian*

“The most effective way to do it; is to do it.” *Amelia Earhart*

“The pessimist sees difficulty in every opportunity; the optimist sees the opportunity in every difficulty.” *Winston Churchill*

“I cannot give you a surefire formula for success, but I can give you a formula for failure, which is: Try to please everybody.” *Herbet B. Swope*

“The future is something which everyone reaches at the rate of sixty minutes an hour, whatever he does, whoever he is.” *C. S. Lewis*

“Thought is action in rehearsal.” *Sigmund Freud*

“Good thoughts bear good fruit and bad thoughts bear bad fruit--and man is his own gardener.” *James Allen*

“If you’re never scared or embarrassed, or hurt; it means you never take any chances.” *Julia Sorel*

“The more original a discovery, the more obvious it seems afterward.” *Arthur Koestler*

“Tact is the knack of making a point without making an enemy.” *Howard W Newton*

“Mistakes are the usual bridge between inexperience and wisdom.” *Phyllis Theroux*

Interesting Words

Puissant: (PYOO-uh-suhnt) Adjective
Potent

Axenic: (ay-ZEN-ik) Adjective
Free from contamination

Incommode: (in-kuh-MOD) Verb
To inconvenience

Nonce: (nons) Noun
1. The present or immediate occasion.
2. The time being.

Fustian: (FUS-chuhn) Noun

1. Pretentious speech or writing.
2. A course, sturdy cloth blending cotton and linen and usually having a twill weave.

“Partnering in New Ways with an Existing Partner”

Background:

There are several projects in house in which channel and/or market partnerships are critical components in the client’s new business development plans. And, we have had dozens of other projects the past 2 years that also involved clients who were looking to partner to complete product and market development.

Looking at 17 projects where partnerships were formed, 10 partnered with former or current partners; and yet only 3 of those were the optimal partner who could be available for the specific projects we were involved with. And, 2 of those were ‘suspect’. Basically, clients chose “the path of least resistance” by working with organizations they knew over establishing partnerships with new people.

(One quick digression is about what a partner is. All of the agreements we are discussing were closer to being ‘preferred supplier relationships’ than they were to being partners, at least, as literally defined by Webster.)

Getting back to the partnerships, the main reasons they were formed were:

- It is faster to work with those you already are working with. The up-front discussions and establishing term sheets and relationships were fast-tracked.
- It did not require looking at competitors of existing partners who may have been upset to the detriment of existing business developments.
- There is comfort in working with the same people in a new way over working with strangers.
- There is a feeling that you are even more important to your channel partner with another initiative.

The reasons that these partnerships were not optimal are:

- There were some in which the existing partner had limited assets compared to alternatives in the targeted market segments and customers. The new targets were not the exact ones in the past.
- Negotiating leverage was diminished in those in which the new opportunity was far more lucrative than the past one but the standard was basically extended from the smaller one.
- The partner had attitudes more of entitlement than of hunger to perform.
- The partner kept the same people involved but they were not the right ones within the partner themselves.
- The partner spread the same resources over 2 initiatives instead of doubling the resources.
- In one case the ‘partner’ slowed up the market development as they had a competing product that would be cannibalized even though they promised to move faster. There were competitors who would have offered more and done more with the technology.

Recommendations:

The observations above are also inherently recommendations to consider new partners in each and every project or initiative. Use an objective and un-biased process, (clean sheet of paper) to determine who the optimal partner would be. And, do not involve those already working with the present partner. Use a S.W.O.T. approach in addition to establishing criteria for selection before options are identified. Get feedback from downstream customers using Voice-of-Market™ or Voice of Customer.

Summary:

The vast majority of the time we choose to extend business relationships with existing partners yet it is a huge world and statistically rare that the same organization will be best (or optimal) in all cases, particularly in slightly or completely different market segments or channels. This alone should be the impetus for us to be more comprehensive in establishing necessary and vital partnerships.

As always

We address many topics and most are at the request of readers, clients, and other business colleagues as this one was.

We hope that this perspective has stimulated thoughts and helps improve your future returns. It has been our intent to pass along things we have learned or experienced on topics involving growth and new business development. Particularly ones that may be provocative or be beyond those considered every day. We do not try to presume to be the leaders in all areas we cover and we invite others to contribute with comments, additions, or criticisms. We encourage feedback in any media and will post your contribution in a future newsletter if you allow it.

We also will continue to focus on topics that the readers choose in almost all cases over ones we consider within our staff so please continue to send requests for topics that you want to have covered.

PS:

We want to remind our readers that this section of the newsletter is open up to anyone with a development topic or an approach they would like to share. Four of the twelve topics last year were submitted by others and we know many consultants, company managers, and academics who have very solid and profound contributions they could make in future newsletters. We ask that it be from 600 to a 1000 words although that is not a 'hard' range. Let us know and we will gladly distribute your topic to the thousands of people on our distribution list. Also, we will agree that the copyright and ownership is kept by the contributor and that we only have a right to reproduce it in conjunction with this newsletter.

Trivia:

1. What is the difference between white chocolate and brown chocolate?

One big difference is that 'white chocolate' doesn't really exist. The FDA does not recognize the existence of white chocolate. So it would seem that white chocolate is not even chocolate at all. Because there isn't any legal definition of white chocolate, manufacturers are not restricted to the type and amount of ingredients that are incorporated into the white chocolate recipe.

In practice, there is only one difference between white chocolate and brown chocolate and that is that brown chocolate contains cocoa powder. Chocolate comes from the cocoa bean which is ground into chocolate liquor (not alcoholic) and then split under pressure into 2 parts: cocoa butter and cocoa powder. To manufacture brown chocolate, the chocolate liquor is mixed with additional cocoa butter which provides that "melt in your mouth" flavor. To manufacture white chocolate, cocoa butter is usually mixed with sugar. Because cocoa butter is tan in color, the term "white" is given to it.

2. Which fingernail grows fastest?

The nail on the middle finger grows the fastest and the slowest growing nail is on the thumb.

3. What is the only bone in the human body no connected to another?

The hyoid which is a V shaped bone located at the base of the tongue between the mandible and the voice box.

We hope you learned something from this and/or stimulated an action that leads to new opportunities for you and your organizations.

Previous issues of our newsletters can be found at <http://www.paragondevelopment.com/perspective.html>.

Your friends at:

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Mission:

To ensure that our clients make decisions that optimizes their growth and measurable value creation. We will do this with unequaled effort and efficiency.

Background:

PARAGON employees and affiliated industry partners are dedicated to helping clients optimize their planning and development efforts. We bring a network of external industry experts who provide objective information and insight into critical areas affecting our client's success potential. In addition to our own experience base and the external access to knowledge, we utilize a decision making process that combines best practices such as Voice-

of-Market™; Stage-Gate; and Discovery Based Learning. Very simply stated, we combine efficient processes with the information necessary to ensure that commitments are made with solid, objective knowledge. We allow planning and development from the 'outside in' that compliments internal efforts.

We are not industry specialists. The experts from our PARAGON Network™ provide the specific knowledge in their fields while PARAGON brings process and functional experience that generates and interprets the relevant information.

Focus:

Our client assignments are broken into three main areas:

1. Retainer agreements in which we offer discounted plan with minimum thresholds for numbers of Forums or phases. They are exemplified by clients who may write us into their R&D or new product development processes in which a PARAGON Forum is required as a part of a gate approval.
2. Evaluation and monetization of assets such as technologies, operational capacities, or new product extensions. PARAGON's support is particularly valuable when the potential is unknown but falls outside core markets or industries.
3. Support in strategic planning and strategic expansion into non-core business areas. The deliverables are typically in the form of a strategic commitment into new platforms.

Mechanics:

The steps employed are a combination of internal (client) and external events. The internal events include:

- Setting criteria for the project.
- Examining the internal knowledge base.
- Setting scope and charter issues.
- Determine specific outputs required for overall success.

External events are:

- PARAGON Forums that have 6-8 external experts who bring distinct but complementary knowledge about markets, industries, trends, competition, channels, downstream value, and function excellence that is specific to the assignment. These are typically day long events that have been referred to as "Super Focus Groups" with the client involved in the planning and then viewing the group and providing guidance and direction throughout the day. All this without the outside experts knowing whom the client is and they are thus unbiased, creative, and provide different perspectives than our client has because of their 'inside-out' viewpoints.
- Surveys and interviews with people from our PARAGON Network™ that generate very targeted information that our clients require.

We hope that you have enjoyed the issues of *The* Paragon Perspective that you have received and will let others who might find this newsletter useful know about our publication. To provide us with profile changes; or to let us know about other individual interested in receiving our newsletter; or for other information just click on this link <http://www.paragondevelopment.com/contact.html> (or copy and past this shortcut) and complete the Contact/Request for Information form (be certain to include your email address) or you may simply reply to this email and provide us with (or ask us) the information.

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