

The PARAGON Perspective From the President

*Happy Holidays and our very best wishes for a safe and fulfilling New Year!
Please also see our notice below on greeting cards.*

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.

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

This month's perspective, "**Going Cheap — Up Front**" can be invaluable in both determining and capturing new value. This perspective looks at investing in projects and initiatives and a philosophy of staging that investment.

We also received a well thought response to last month's reflections about "**Big Fish & Little Fish**" and we will add those below.

We hope you have enjoyed a prosperous 2008 and that the coming year brings joys and rewards exceeding those in 2008, even with the economy having the problems it does.

Jack T. Peregrin
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Greeting cards

We, at PARAGON, have always looked forward to this time of year when we would send holiday greetings to our clients and many professional friends. The pleasure has truly been ours as it reminds us just how grateful we are and should be to the many people who have helped us succeed and who have been our supporters throughout the years.

This year, however, we have decided to apply what would have been our investment in greeting cards and postage by making a more than commensurate donation to the Parent Project Muscular Dystrophy for support of Duchenne disease. This worthy cause is close to those in the PARAGON family. We recognize that donations are down due to the weak economy and our resources are served better doing this.

We know you all understand and we encourage you to do the same on any cards that would have been directed to those of us on the professional staff.

Paragon Update

Appreciatively, PARAGON has remained vibrant and we are looking at a very solid beginning to 2009 with a high level of project starts already scheduled in the first quarter. 2008 has already been a record breaking year without even considering December billing and we offer a very humble and sincere thanks to those whose trust has made this a reality.

Conferences

No conferences have been sent to us for December or January but we will be attending and presenting at the LES Conference in February—details below.

LES (Licensing Executives Society)
Winter Meeting
February 25-27, San Antonio, TX

LES is an organization that is best in class in technology transfer and intellectual asset management. Well beyond the Licensing aspect of it. We thoroughly recommend this even and hope to see you there. Information and registration is at: <http://www.usa-canada.les.org/meetings/2009winter/>.

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. Inductive Power Transfer: A client has considerably improved efficiency and distance in power transfer without wires or direct connection. This opens doors for many applications in electric vehicles, industrial applications, and other fields too numerous to mention.
2. Wax modifier: A client had developed an additive that modifies waxes with many new property improvements. One key one is that it makes waxes more adhesives which enables significant possible improvements in hot melt adhesives and sealants in cost reductions and enabling use in new areas.
3. Thermo-set process: A client of ours has developed a new thermo-set material that offers better processability to comparable thermo-sets such as polyurethanes while improving properties and lowering costs in many composites applications.
4. Additive materials for coatings: A client is interested in licensing or acquiring either binder or additive materials that have differentiation in specialty, high performance, and industrial coatings.
5. New technologies for Acrylics: A client is interested in any new technologies related to acrylics production or in functionalizing acrylics in areas such as coatings

For more information on the above 8 opportunities contact
Jack Peregrim @ (203) 288-4154 or Peregrim@ParagonDevelopment.com

Quotes of the Month

“May you always live in interesting times.” *Chinese curse*

“The man who does not work for the love of work but only for money is not likely to make money, nor find much fun in life.” *Charles Schwab*

“Discovery consists in seeing what everyone else has seen, but understanding it for the first time.” *Albert Szent-Gyorgyi*

"A hay person is not a person in a certain set of circumstances, but rather a person with a certain set of attitudes." *Hugh Downs*

"Worry is like a rocking chair. It will give you something to do but it won't get you anywhere." *The United Church Observer*

"If you can't make a mistake, then you can't make anything." *Marva N. Collins*

"Ability will never catch up with the demand for it." *Malcolm S. Forbes*

"Curiosity is the wick in the candle of learning." *William A. Ward*

"Ignorance is bold and knowledge reserved." *Thucydides*

Interesting Words

Cacology: (ka-KOL-uh-jee) Noun

1. Poor choice of words
2. Incorrect pronunciation

Asperse: (a-SPURS) Verb

1. To spread false and malicious charges about someone
2. To sprinkle with holy water

Quiddity: (KWID-i-tee) Noun

1. The essence of someone or something
2. A trifling point

Mauger or Maugre: (MAW-guhr) Preposition

In spite of

Ere: (AIR) Preposition

Before

November newsletter response

The following was a response to our November perspective entitled: "Big Fish; Little Fish". The author has asked to remain anonymous. We want to thank the author for sharing experiences and insights on this topic.

Dear Jack,

I liked the piece 'Big fish: are they overeating', I have experienced this in a previous job. There are a couple of things that might be worth considering:

- 1. It is worth looking at the previous hierarchy and comparing the names and positions in the hierarchy with inventorship. Sometimes the disproportionality arises from the 'proprietorship' in that e.g. the CSO was instrumental in initiating the big feeders, and it helped his/her rise through the organization. He/she does not want anything to be seen to rival his projects and status. The remedy may need to be a new CSO who is more objective and a better alliance with those people in the organization who are charged with developing new markets.*
- 2. There is probably a need for a strategic project management function that reports directly to the GM that is linked in to the new market development function (but works with the CSO) and can take a more objective view of resources, projects and potential profits.*
- 3. A lot of people are uncomfortable with 'new' and 'change'. The truly innovative, new market ideas can intimidate certain people, including CEOs, CSOs and the like. Many people 'talk the talk' but then are most reluctant to 'walk the walk'. (I have also seen this in my past life. That particular company has bobbled along for years and will probably eventually disappear because their technology is now old and essentially commoditized, and they have not developed new technologies to continue the success.)*

There are a couple of books that could be useful background reading. The people at Arthur D. Little came up with 3rd Generation R&D and published a book on this in the early '90s. There is also another book that deals with 4th Generation R&D published in the mid '90s. Neither is perfect, but 3rd Generation R&D is ideal for

“Going Cheap – Up Front”

Case Example:

We recently completed a project with a client who had a new breakthrough in functionalizing a material that could be used as a coating on medical devices. It improves the coatings benchmarked in use today with considerable improvements in efficacy and liability. The client has had this improvement through their initial R&D for almost 3 years but has not advanced it because testing needs to be done at an independent lab to verify internal findings before the market leaders will run tests. They are also not a present supplier so they don't have the credentials that could provide an entrée to the medical device companies.

Over the past 2 years, they had been told that the tests would cost about \$180,000 US to run and document. They have 'saved money' by budgeting \$100,000 each year for 2 different tests other than those recommended. In each case the device companies would not accept the findings and our client's management will not approve any new funds. They also do not want to share their invention with a partner, nor grant any kind of exclusive with a customer to run the tests themselves. (How would you like to be the project leaders here?)

Another example is one involving an electronics capability where the client needs to present this capability to telecommunications equipment producers. They presently do very little in telecom but are well known in the general electronics industry providing some recognition. Our Expert Forums quantified the opportunity and the value with the next recommended steps being that they should attend a major conference and give a presentation plus schedule visits to several major identified customers. They instead decided to save money by using a distribution 'partner' who would do these for them and champion the development based on their global network. The distributor did 'mention' their technology at the targeted conference (charging the client a very large sum for doing so at a conference they would have attended anyway) but it was just one of many such offerings presented and was not highlighted or even comprehensively portrayed. They also made customer visits with analogous approaches and there are no significant commercial sales to date even though favorable industry trends have accelerated. The client has to wait 14 more months until their agreement runs out before they can 'do it right'.

One last example that happens all too frequently involves another aspect of outsourcing. A client had invented a material with very unique functional properties that we quantified had large commercial value. The General Manager decided it would be cheaper to outsource the process and scale-up to a contract manufacturer they used on other things. This company gets its compensation mainly from the volume it produces so the process development and scale-up efforts are not a priority and the production is 2 years behind considerably delaying time to market. Plus, material was shipped to a few major customers that was not up to spec and this will have a very negative effect on time and acceptance.

The following are just a few of the many recommendations that could be made:

- Use Monte Carlo or other financial scenario projecting programs to calculate the real value lost or gained under resource timing.
- Make NPV a standard calculation in all project management. This usually shows the effect on time to market which is considerably more than most people typically understand.
- Make a determined effort to calculate and document lost opportunity cost which is, of course, impossible to quantify but it can at least be qualified. Many do not even try and calculate it for the reason stated but at least understanding the qualified cost is better than not considering this important factor.
- Establish a stage gate process that allows for parallel and accelerated development in addition to having a process that allows a 'quick kill' when justified.
- Use scenario planning to identify and watch for signposts which would signal success or failure at the earliest possible time.

Summary:

We are in no way advocating unjustified spending and particularly doing so earlier than needed. But, we have also found that our mistakes are much more likely to be made in under resourcing a project on the front end than at any other time. An appropriate adage would be to accept mistakes but make them fast and you increase contribution much more than always going cheap up front.

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 of 2007 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. Why does bottled water from a 3,000 year old source—such as a spring mountain or glacier—carry a 'best before' date only two years in the future?

The water has passed through layers of rock that have different effects on it and in many ways can be considered polluted. Some minerals dissolve in the water, supposedly improving both its taste and health-giving properties but they are also contaminants.

The best before dates on bottles are based on the amount of time the manufacturer believes the water will remain without measurable levels of contamination due to the lack of completely sterile conditions in their bottling plants as a key factor.

If the bottle is stored in a plastic bottle, the date will also relate to contamination from the constituents of the plastic, which may change the taste of the water.

2. What two Japanese cars are named after rice?

Toyota which means 'bountiful rice field' and Honda which means 'the main rice field.'

3. What is rice paper made from?

It is not made from rice but it is instead made from the pith of a small tree that grows in Taiwan.

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>.

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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 unequalled 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 paste 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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