

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.

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

This month's discussion is about a different perspective we often equate to recklessness. The title is: **"No guts. No glory"**.

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Paragon Update

PARAGON has a record number of projects in-house and is scheduling quite a few more in the next 2 months. Over half of these projects are with organizations outside the U.S. which is certainly influenced by the weak dollar in addition to a global economy that is relatively strong overall.

Conferences

This space is reserved for announcements of conferences or events that may have value to our readers. We have committed to speaking or giving workshops at the first conference and hope to see you there.

Upcoming conferences that we have been asked to include in the newsletter are:

WFS Annual Meeting

The World Future Society is comprised of futurists and commercial representatives who are creating value for their organizations by better understanding the future trends and changes that will impact their organizations. Their Annual Meeting is in Washington DC from July 25-28 and we have previously attended this conference and received high value. More detailed descriptions are at <http://www.wfs.org/2008main.htm>

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. Polyurethane process: A client of ours has developed a new polyurethane based material that improves its use in a variety of applications including being able to use it where previously preferred but not able due to limitations in processability. Some of the more differentiating ones are lower viscosity plus an extended 'pot life' which does not set in the typical short window of existing polyurethanes. They are particularly interested in the value derived when used in composites.
2. New engine: A client has developed a new and proprietary engine that could be used in automobiles as well as other vehicles. It is 40% less cost and weight with the same horsepower. It would also have 20% better fuel economy than a comparable horsepower motor. There is no compromise on robustness or durability.
3. A client is looking to make significant investments in a wide range of advanced materials including metals; composites; polymers; and additives such as nano-particles. They encourage discussions with the venture and academic communities in addition to commercial enterprises.

More information can be gained by contacting: Jack Peregrim
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Quotes of the Month

"Habit, if not resisted, soon becomes necessity." *St. Augustine*

"Better to ask twice than to lose your way once." *Danish proverb*

"Say what you have to say, not what you ought." *Henry David Thoreau*

"It's a damn poor mind indeed that can't think of at least two ways of spelling any word." *Andrew Jackson*

"One should never spoil a good theory by explaining it." *Peter McArthur*

"Faith is knowing there is an ocean because you have seen a brook." *William Arthur Ward*

"Pride makes some men ridiculous but prevents others from being so." *Charles Caleb Colton*

"In the confrontation between the stream and the rock, the stream always wins—not through strength but by perseverance." *H. Jackson Brown*

"A flaw in the human character is that everyone wants to build but no one wants to maintain." *Kurt Vonnegut*

Interesting Words

Suspire: (suh-SPYR) Verb
To breathe; to sigh

Garboil: (GAHR-boil) Noun
Confusion; turmoil

Scrutator: (skroo-TAY-tuhr) Noun
Investigator

Extirpate: (EK-stuhr-payt) Verb
1. To destroy or remove completely
2. To pull up by the roots

Ween: (ween) Verb
To think or suppose. To believe.

"No guts. No glory"

Background:

Typically in this column we highlight a business development related process or even issues and trends affecting future growth. This month we would like to look at a 'different' aspect of decision making -- "going with our gut".

We at PARAGON are certainly 'guilty' of advising our clients to get more information. Our recommendations are to continue to dig for additional understanding and knowledge of markets and other new platforms. And, we typically don't advise making decisions strictly based on a gut feel. But, that does not mean that a decision should not go against 'the facts' and it may be the right decision even if it is not based on quantified or even qualified information.

Scenarios:

The following exemplify scenarios where an intuitive decision may be better than one based on facts alone:

- Everyone in a field is focused on the same projections. We have been involved in many, many projects over the years where everyone is taking a 'lemming' approach to strategy. We heard about the nanotech revolution for a dozen years before the hype caught up to commercial potential. Same thing with bio-degradable and the expectation that people will pay premiums for them. We are always looking at things that are generating very high investment. But the lesson learned may be to ignore the landslide of effort and take an alternative approach. There were many more fortunes made by ignoring nanotech than were made in it.
- Invest in people. You may have employees and even outside partners who are motivated and capable of bucking the trend and succeeding because the data says they cannot. We also have many lessons learned that fall in this description including technology developments, market expansions, and alternative business models where people gave an effort that succeeded in the face of facts that appeared to be against them.
- Cyclicity. We just finished a project with a major resin producer and the business manager had his people stop their strategic effort at developing counter cyclical commercial developments to even out the economic highs and lows in construction and automotive which are their major segments. He told us he just felt 'in his gut' that the effort would be only marginally worth the resources applied. He instead instructed his personnel to increase their competitive focus on the business that was 'in cycle' more than the competition. He ignored all the consultants and internal advisors and the result is that the past few years have shown dramatic increases in turnover and profit even when the market turned down. He summed it up by saying that the healthier the business is at its peak will generate a carry-over even when the market gets soft.
- Disruptive Technology. This is an easy example to make our point. In looking back on breakthrough or disruptive technologies, 'gut-feel' was almost always a key characteristic (serendipity and luck being the others). Intuition, however, was probably the most critical success factor in all the applicable ones in our experience. Long before any information existed to justify an investment in breakthrough products; someone had a gut feel and committed to it.

Recommendations:

In order to balance our information driven approaches with making commitments on intuition; we recommend considering the following:

- Limit the downside by making an initial, partial commitment and then look for early signals that things are working out. Many times developments take longer to pan out than this approach allows but at least it allows a 'trial'. And, just as we should always have an exit strategy; we need to have a secondary plan to move into quickly and with a rapid transition. This overcomes the management desire and requirement to take extra time in making decisions but then "sticking to it once we decide".
- Be prepared to deal with those whose gut feel is being followed. If someone initiated a development strategy or approach on their gut feel be ready to have negative 'push back' from them if the effort is terminated in a short period of time. Management may have to plan to terminate or transfer someone because their original motivated commitment usually (but not always) will become disruptive and even undermining. The people involved should be given the opportunity to transition but should be counseled that the same level of motivation is to be expected after their 'baby' has been cancelled. Caution is the key word here.
- Look for underlying reasons to justify intuition. Many times there are solid reasons justifying a decision that cannot be put into perspective with the same clarity that data allows. But, there has to be *some* compelling reason that people feel strongly about taking a course that cannot be easily backed-up. Just take a little time to dig deeper as to the rationale.
- Use gut-feel in every decision! That doesn't mean it is followed, but ask everyone involved how their gut feel has changed or how it is different based on the information gathered and recommendations suggested.
- There is a commonality that we have found in successful initiatives that were based to a large extent on gut feel justifying the commitment. That is the existence of a large number of reasons and not any major compelling one. In our drive for 'elevator speeches' and succinct summaries; we overlook opportunities that just may have a dozen small justifications that collectively offer a strong rationale and it is not just one or two items on a PowerPoint slide.

- Benchmark with examples that are analogous to your decision. Is there an example outside your industry or market that could support the decision?
- Scenario planning that identifies most likely scenarios including the most negative ones. Then determine the most likely to occur and identify things to look for that allow early feedback on potential for success or failure.
- Get others involved who are not part of the initial decision and take a team approach so there are unbiased viewpoints as a decision is executed. It is amazing how this is overlooked because people making a 'gut call' typically do not want their decision second guessed. Thus, they surround themselves with only those showing support and not others who can view potential course corrections or signals of failure.

Summary:

Very few people talk, or write about employing 'gut-feel' but we believe there actually is a strong upside to including it in both the information acquisition as well as decision processes we employ. The key is to combine with discovery based learning so we have a means of getting past the bias to pursue the 'obvious decision'.

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 is your left lung smaller than your right one?

Your heart gets in the way. A human's left lung is smaller because your heart needs room in the chest cavity.

2. In the movie business, who is Adam Smithee?

Adam Smithee is a name that filmmakers use when they don't want their real names to appear in the credits.

3. We all have a tragus. Where and what is it?

The tragus is the little lump of flesh just forward of your ear canal right next to your temple.

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 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 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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