

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.

We recently co-presented a workshop at LES on the topic of "The Role Of Licensing In Innovation". Our portion of the presentation focused on being innovative as the foundation for licensing in the first place. This month's discussion is a summary of that workshop. The title is: "**Innovation Beyond Invention**".

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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 nanoparticles. 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

"However beautiful the strategy, you should occasionally look at the results." *Winston Churchill*

"Imagination will often carry us to worlds that never were. But, without it we go nowhere." *Carl Sagan*

"The only limit to our realization of tomorrow will be our doubts of today." *Franklin D. Roosevelt*

"Yesterday is experience. Tomorrow is hope. Today is getting from one to the other as best we can." *John M. Henry*

"Presence is more than just being there." *Malcolm S. Forbes*

"Good habits are as easy to form as bad ones." *Tim McCarver*

"The little I know I owe to my ignorance." *Sacha Guitry*

"Some things have to be believed to be seen." *Ralph Hodgson*

"When you can't solve the problem, manage it." *Rev. Robert H. Schuller*

"Nothing is really lost. It's just not where it belongs." *Suzanne Mueller*

Interesting Words

Pantagruelian: (pan-tuh-groo-EL-ee-uhn) Adjective

1. Enormous
2. Displaying extravagant and coarse humor

Lucullan: (loo-KUHL-uhn) Adjective

Lavish, luxurious.

Sweven: (SWEV-uhn) Noun

Dream, vision

Scrannel: (SKRAN-el) Adjective

1. Thin
2. Unmelodious

Tartuffe: (tahr-TOOF) Noun

A hypocrite who feigns virtue, especially in religious matters

"Innovation Beyond Invention"

Background:

In looking at the role of licensing and technology transfer in global innovation we first have to look at the role of innovation in the licensing and technology process. Many times we describe innovation in our organizations as the invention of technology and products; but that perspective is much too limiting. We need to broaden our understanding and application of innovation to every aspect of our value creation processes.

We have been involved in hundreds of projects where our clients have invented a new technology or product and then wanted to take a 'cookie cutter' approach to capturing value from the invention. Because each invention by its definition as an invention is unique and differentiating, we need to at least consider differentiating options pre and post invention.

Examples:

In our experience the following exemplify alternative ways to capture value from invention:

- **New business models.** We had a project with a client who served the aerospace industry. The company sold directly to the airframe manufacturers such as Boeing and Airbus as well as to the airlines such as British Airways and American Airlines. Their business model was to sell replacement parts to the airlines just as they sold new parts to the OEMs. They developed a new product and during an expert Forum several experts in the airline industry commented about how our client would get immediate sales if they 'gave the part away' but charged per flight hour to use it. This is based on the easy way operational costs were approved but the difficulty in getting capital investments approved. They did an actuarial calculation and followed through on the recommendation. They not only had immediate sales and revenues but also increased their share in a competitive environment while also increasing profitability considerably! It was only through pseudo-serendipity that we identified this innovation and there was no initial objective to be innovative in their business model. They simply had wanted to understand price elasticity and better understand sales potential.
- **New Business Model—Flip Side.** As a 'flip side' example to the first, we recently had a project where our client serves the power utility generating industry. They are looking to market a continuous, supportive process that would be used in power generating plants. They had originally planned to market this as an operational expense and to lease equipment and charge for materials that are consumed in the process. Another expert Forum recommended they optimize value capture by charging this as a capital expense that would include service and support components as part of the equipment purchase. They can add enough in to more than cover all they would need to support this and the rationale is that the utilities could go to their P.U.C.'s and get rate increases approved to cover capital requirements. It is more difficult to do the same for continuous operational needs. It made the utilities overall profitability look much better to their shareholders.
- **Others.** There are many, many other ways to be innovative beyond the invention. The list is too long to do any justice in this small space. Some additional examples are to be innovative in: partnerships and alliances; channels; marketing/branding; intellectual property options; value chain positioning; regulatory/registration options; and commercial role out strategies. Again, there are many case studies that could exemplify each but the main lesson learned is that innovation has hundreds of possibilities beyond those we typically consider.

Processes:

In order to identify and evaluate innovative options beyond the technology and product invention we need to employ processes that are 'non-traditional' to our typical commercialization processes. It is not meant to be an advertisement or commercial for Voice-of-Market™ but we would be remiss to exclude it as it is one of the processes that achieve innovative results. Again, a partial list could include:

- Voice-of-Market™. This process brings objective perspectives in addition to a high level of knowledge.
- Pseudo-serendipity. This process recognizes and documents innovative options that we are exposed to but not directly seeking.
- Discovery based learning. This is a process that allows us to identify critical success factors and rank them. Including those that were not even known to exist prior to the initiative.
- Creative problem solving. Yes, the old 'stand by' process that will allow us to generate without evaluating and then apply previous generated objective criteria. This uncovers new options that have higher value capture potential but also enables the elimination of those options that are not the best.

Recommendations:

The first and most important thing is to recognize the limitations we have placed on ourselves because we don't have the time or training to do anything more than pursue traditional approaches to capture value from invention. If our invention is 'new', then we need to be 'new' in how we look to generate returns from the investments we have already made. And, lastly, the innovative processes we consider may be the difference between failure and having any success!

Summary:

Not all projects allow us to employ innovation beyond the invention. Many extension projects have already employed voice of the customer and there is little room for considerable innovation when the customers are already involved and the support processes are well established. But, we need to be much more innovative when we are extending technologies or products to new customers and markets, particularly when we are dealing with a new potential platform.

There is also a large long term value after engaging in new processes. When we use the processes mentioned above they are typically oriented to a designated project but we develop (or should develop) long term strategic competencies that will maximize value over time. If a specific project leads to recognizing the potential in a new business model, as an example, we will then be able to recognize that on a completely different future initiative. We have an established 'learning curve' to recognize and implement it. Each innovative process will generate mechanics and tactics that can continue to be applied over time.

In conclusion, our challenge is to move beyond the 'standard' procedures and processes that we have set in place. That is not to say every new project must be different, but we are doing an injustice to ourselves and our organizations if none of them employ or at least evaluate innovation beyond invention.

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 are the large-type books not as big in diameter as they used to be?

You are right if you say they used to be bigger. If you looked for one 25 years ago, you would find it easily enough and you would need more strength to carry it. Today publishers are less interested in enlarging the book casing and the paper. Now they have new fonts that allow the print to be made bigger than normal but not as large as the old type with the same clarity and ability to read it. Plus, they are able to reduce margins and increase page length and basically reduce considerable the 'white space' that used to be left open. And, they also use thinner paper to better manage the books size and their own costs.

2. What was the first airline meal served?

What goes around comes around. The first meal served was on a London to Paris flight in 1919. It was a box lunch and those receiving it were charged an extra 3 shillings!

3. What was the origin of the term 'bank teller'?

This originated in 1929 in the U.S. when the banks crashed during the Great Depression. People were hired to 'tell' the throngs of people that the bank could not cover their assets. They were outside the bank because they were locked and the managers were safely inside but these people were the communicators of the bad news. Later, they were moved inside when it was safe and provided information at their stations.

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.
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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.paragonddevelopment.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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