

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.

The business topic of focus in this newsletter is per a request and we are 'reprinting' an essay from 2004 that addresses it. The topic is about the need to: "**Budget for Marketing**".

Jack T. Peregrim
Pres., PARAGON Development
Peregrim@ParagonDevelopment.com

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:

SOCMA Executive Excellence Conference

The Society of Organic Chemical Manufacturers Association has it's annual executive excellence conference from May 14-16 in Savannah GA. More information can be found at WWW.SOCMA.Org

CDMA Spring Meeting

The Commercial Development & Marketing Association has a history of over 60 years and is dedicated to new business and commercial development. Their programs combine a very valuable balance of education and networking and those attending receive considerable value in both the program itself as well as the shared learning from others attending. The Spring Meeting is from May 19-21 in Philadelphia and additional information can be found at: WWW.CDMAonline.Org/Meetings/National/Meetings/Spring08.aspx.

We are familiar with all the respective organizations listed this month and heartily endorse them for the value they bring to attendees that fit their charter.

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. 'Semi-permanent' anti-microbial: A client of ours has an anti-microbial that can be incorporated into just about any polymeric matrix and applied OEM or at end user to provide long lasting anti-microbial protection. They are seeking partners and licensees in food processing, consumer care, healthcare, pharma, and other related industries. For more information, contact Barbara Heimlich at Heimlich@ParagonDevelopment.Com.
 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. More information can be gained by contacting: Jack Peregrim, Peregrim@ParagonDevelopment.Com
-

Quotes of the Month

"A person who wants to lead the orchestra needs to turn his back to the crowd." *Anonymous*

"Why not go out on a limb. Isn't that where the fruit is?" *Frank Scully*

"Nothing is impossible. Some things are just less likely than others" *Jonathan Winters*

"If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, 10 angels swearing I was right would make no difference." *Abraham Lincoln*

"The key to everything is patience. You get the chicken by hatching the egg, not by smashing it." *Arnold H. Glasow*

"Today's opportunities erase yesterday's failures." *Gene Brown*

"To obtain maximum attention, it's hard to beat a good, big mistake." *David D. Hewitt*

"Failure is the condiment that gives success its failure." *Truman Capote*

"To teach is to learn twice." *Joseph Joubert*

"Change your thoughts and you change your world." *Rev. Norman Vincent Peale*

Interesting Words

Cibarious: (si-BAR-ee-uhs) Adjective

1. Relating to food
2. Edible

Karuna: (KUH-roo-na) Noun

Loving compassion.

Pusillanimous: (pyoo-suh-LAN-uh-muhs) Adjective

Lacking courage; timid

Pavid: (PAV-id) Adjective

Timid; fearful

Tintinnabulate: (tin-ti-NAB-yuh-layt) Verb

To ring; to tinkle

“Budget for Marketing”

Case Study:

We recently completed a project in which we were to identify and quantify business opportunities for a new technology. A specific application was targeted and we were to validate the potential there with the best commercialization strategies in addition to identifying new opportunities if they existed. Criteria were established to ensure that any opportunities pursued would exceed investment hurdles in new potential applications and market development.

This project was concluded in the first quarter of this year and the news was very good for our client. There are 5 valid opportunities in which there is strong market need, competitive advantage, fit with their criteria, and high potential for value capture at acceptable pricing. Since the project completion, however, **nothing** has happened with any commercial development.

The main reason this project is ‘on-hold’ is no monies were budgeted for marketing. Even in the application first targeted! The R&D group was able to get the project into and through a gate much earlier than expected. Now the client is faced with a system where they are going through their budgeting cycle for 2005, which is when they may expect to launch these new products. Plus, the markets are not their primary, existing markets so they don’t have an infrastructure to ‘drop in’ the products.

By conservative estimates we see this at least a half dozen times a year where new products are delayed while budgeting ‘catches up’ with a project.

Background:

In our experience the reasons for the above occurring are:

- The old dilemma of who is in *control* of a project - R&D or business/marketing. R&D initiates or at least drives the project and normally resists interference by marketing until they believe they have worked out all the technical issues. And, marketing isn’t upset because they are focused on the need to deliver short-term returns from existing products because of business pressures. New products typically require a great deal of time, effort, and money to make an impact.
- Our budgets are tight and we have business process controls such as stage-gate that hold back commitments until thresholds are reached. Once they are, a new budgeting cycle begins.
- R&D does not *appreciate* the considerable effort needed to market new products. The belief is that 98% of the work is done when the technology reaches a stage of feasibility and now it is only a matter of *having sales people present to customers and take orders*.
- Business managers have never had less job security than they do today. And with the pressure to deliver numbers this month, they are not as committed as needed to long term, uncertain investments. And, **all** new products are uncertain until they are in the market.

Another issue that occurs in new products is that the budgeting window not only delays commercialization but it also may delay hitting a ‘market window’. We worked on a chemical technology that would allow a marker to be put on packages to allow tracing, inventory control, and reduced handling. A major market was with a major small package handler who had committed to a technology other than our client’s just 3 months prior to our client offering them the technology. This would have been a huge opportunity and would also have driven many other applications but the client missed the window. They were admittedly about 2 years delayed in getting it out of R&D and then funding a marketing effort to look beyond the initial application they had targeted. (Documenting these *lost opportunities* can be embarrassing but it is one of the most important things to do in order to get management’s attention).

Recommendations:

The first necessary thing to do is to recognize the above as a major problem. ‘Band-aids’ (memos, meetings) will not solve the problem. Only when top management puts measurable systems in place will any reasonable impact be made.

An example is to put a longer time to market into the calculations that mirrors the last 5 launched products in a class (platform, extension, etc). The impact would be that R&D would have a lower NPV on projects as time to market would now be calculated with as much time as they take in internal development. Until the market development time is reduced, R&D must face higher hurdles, which they don’t want.

Another recommendation is to budget market research and market development into R&D budgets. This is done now but controls are typically not in place to ensure that the money budgeted for marketing within a project is actually spent on marketing. It is too easy to have project funds spent by those controlling the project for their own use – the internal development.

A last recommendation is going to be controversial, but we have seen it work very effectively in a few organizations. That is to have the C.T.O. or a V.P./Director of R&D who does not have a technical background. A particularly effective CTO we worked with came out of finance and another V.P of R&D in a global organization

came out of general management. At that level, the value of managing the process outweighs the value of understanding the technology at a project level.

Summary:

Not all projects have been delayed in the transition from development to marketing, and some organizations we work with are excellent in managing it. But, we have encountered this often enough that it is worth highlighting so our readers can look at their organizations and at least determine whether their transition is optimized, particularly in new product launches where we have systems that can measure the fact that 'time is money'.

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. What precludes walking in a straight line when lost in the woods? Or stumbling to the same direction when a 'bit tipsy'?

When wandering in the woods that you are unfamiliar with it is very common to walk a great distance and end back where you started. Even when you intend to walk a straight line, if you are lost and have no landmarks it is very difficult to do. You will typically amble to the left unconsciously more than to the right. In fact you will make a large anti-clockwise circle.

The reason for this is that most people have a slightly stronger and more flexible right leg. This is common knowledge among sports scientists, and most people who have undergone strength tests can confirm this. The right leg tends to have a longer stride than the left one—due to this increased flexibility—so when there are no guiding landmarks, a circular walking route is often the result.

2. What is the speed of a standard escalator? year was the world's first e-mail sent

120 feet per minute or 36.5 meters.

3. What are the average number of hairs in an eyebrow?

550.

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:

PARAGON Development

<http://www.paragondevelopment.com>

PARAGON Development

1485 Dunbar Hill Rd. Suite 4010
Hamden, CT. 06514
(203) 288-4154
www.ParagonDevelopment.com

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.

If you no longer wish to receive *The* Paragon Perspective please respond to this email and include the word REMOVE in the subject line or in the message.