

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 perspective can be invaluable in both determining and capturing new value. The title is: "**Staging Strategy – Part 1**". Next month's Part 2 of this topic will propose specific tactics to use in a staging strategy that go beyond this month's overview.

We hope you are continuing to have a wonderful and enjoyable summer and a prosperous 2008!

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Paragon Update

PARAGON has surpassed prior years with projects starting in September and we have clients already formally scheduling first quarter 2009 assignments. The trend of over 50% new to PARAGON clients so far in 2008 is continuing with rising projections for the fourth quarter. And, we will surpass 50% of our clients being from outside North America as well.

Conferences

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

American Filtration and Separations Society
Fall Management Conference
September 22-25, 2008

One of our readers sent in this meeting announcement and recommends it highly. It has several different business; technology; and industry tracks. Details can be found at <http://www.afssociety.org/Fall2008/index.html>

LES—Licensing Executive Society
Annual Meeting—Orlando FL
October 19-23

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: WWW.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. 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. New engine: A client has developed a new and proprietary engine that could be used in automobiles and other vehicles. It is 40% less cost and weight with the same horsepower and it also would have 20% better fuel economy than a comparable horsepower motor. There is no compromise on robustness or durability.
5. Fuel cells: A client is investing in producing the next generation of fuel cells directed at large vehicles such as buses or trucks. They are interested in any new technology that could add robustness; power efficiency; storage; etc. to a commercially successful next generation platform.
6. Advanced materials: 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 venture and academic communities in addition to commercial enterprises.
7. Acrylics technologies: A client is interested in any new technologies related to acrylics production or in functionalizing acrylics in areas such as coatings

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Quotes of the Month

"If A is success in life, then A equals X plus Y plus Z. Work is X; Y is play; and Z is keeping your mouth shut."
Albert Einstein

"There is nobody dumber than a Ph.D. out of his field." *Will Rogers*

"A company is an organic, living, breathing thing; not just an income sheet and balance sheet. You have to lead it with that in mind." *Carleton S. Fiorina*

"The difficulty lies, not in the new ideas, but in escaping the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds..." *John Maynard Keynes*

"Simplicity is the ultimate sophistication." *Leonardo da Vinci*

"Any intelligent fool can make things bigger, more complex, and more violent. It takes a touch of genius—and a lot of courage—to move in the opposite direction." *Albert Einstein*

"The egotist always hurts the one he loves---himself." *Bernice Peers*

"When a man points a finger at someone else, he should recognize that 3 fingers still point at himself." *Many authors*

"Justifying a fault doubles it." *French proverb*

"He who never made a mistake, never made a discovery." *Samuel Smiles*

Interesting Words

Lexiphanes: (lex-SIF-uh-neeZ) Noun
One who uses words pretentiously

Fugacious: (fyoo-GAY-shuhs) Adjective
Lasting a very short time

Lagniappe: (lan-YAP or LAN-yap) Noun
An unexpected benefit, especially a small gift a customer received with a purchase

Titian: (TISH-uhn) Noun
A bright reddish or golden auburn color

Pleochroic: (plee-uh-KRO-ik) Adjective
Showing different colors when viewed from different directions

“Stating Strategy – Part 1”

Background:

This month's topic is not new to this column or to most of the recipients of this newsletter. The subject is being repeated because of the continued failure that we see to incorporate a staging strategy into strategic as well as project efforts. We understand the reasons it happens and while they should never be allowed by senior management, it is continuously an issue that we encounter in our work with clients.

This month our focus is on a general overview and rationale for having a staging strategy and next month we intend to elaborate further into success factors in implementing one.

In its simplest definition, a staging strategy is one in which short term objectives and long term objectives are integrated into projects and business strategies. Almost always the short term results fund, support, or at least provide validation and certainty of expected longer term contributions.

Example:

An example of this is a very sophisticated global Fortune 25 organization. Paragon was brought into a technology platform project where they have had over 6 years of funding to date and investment of over \$23mm through 2007 with no contributions as yet to offset the investment!

The technology platform is a clear fit with their existing materials based capabilities but they have been supporting the project with a focus predominantly targeting one very major but long term application. They have been caught in the 'spiral' where each new advancement that had previously been considered a tipping point was met by alternative approaches that kept the technology just beyond the winning value proposition that could ensure large value capture. Thus, they would 'go back to the lab' and push the technology further only to stay just beyond what was necessary to be the best clear choice. Sound familiar?

They have just finally decided to put an effort into exploring commercial development potential in 'secondary' but more immediate applications; and that is our focus. But, the real issue is that they should have done that years ago and not been so narrowly focused on one single target even though it was the best strategic fit to their business.

Recommendations:

The following are very simple and the difficulty comes from getting top down organizational support and commitment:

- Make a staging strategy mandatory in all future initiatives including: business cases/plans; strategic plans; commercial development plans; product development; and technology development plans. And, insist on interim contributions and results with hard stop-gates when results are not achieved.
- Incorporate portfolio management into each project to ensure that resources are committed in line with the staging strategy. This ensures enough effort is placed on shorter term results that will warrant longer term successes.
- Train all functions on the need for and their contributory role in incorporating a staging strategy. This is as much about R&D as it is about Marketing!
- Give leeway to project teams to go beyond the existing strategic markets and customers with new developments; providing these are merely a 'means to an end' which is not diversification but ultimately

a new business platform with clear strategic fit. Revenues can always be generated early from licensing; partnerships; or alliances so there is no real long term commitment to non-strategic areas.

- Generate NPV and present at every meeting in every involved function. Track it and show how low (negative?) it can be with time and emphasize this even at review meetings unrelated to gate events.

Summary:

This is a topic that we are emphasizing in the corporate environments but it also applies to ventures and any smaller sized organization, probably even more so in smaller companies. This has the potential to have the most positive contribution impact long term of any topic we have addressed this year to date. It is just amazing how much waste and lost opportunity occurs because of the lack of a good staging strategy.

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 do people start walking in a synchronized manner when they walk side by side?*

There are various reasons for this occurrence. First of all, we learn to conform to those around us as we grow older and we also synchronize much more the older we get. We also don't want to look like we are not conforming in societal positions. Also, it is simply easier to talk with someone if you are walking at the same pace. Finally, it is about 'hip movement'. Unless you want to bump into your companion all the time you make sure your sway is the same as the other person.

2. *Where was Winston Churchill born?*

In a ladies room during a dance.

3. *What flag is flying over the parliament on a Canadian two dollars bill?*

The U.S. flag.

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 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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