

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 an old problem that is making a comeback and needs to be revisited and: **“The Numbers Don’t Add Up!”**

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Paragon Update

PARAGON will be starting many new projects over 3 continents in April representing client interest and needs for growth. We will be reporting on those projects with more detail in the upcoming newsletters.

Conferences

This space is reserved for announcements of conferences or events that may have value to our readers. Upcoming conferences we have been asked to include in the newsletter are:

Food Hydrocolloid Conference

Organized by IMR International, the leading association covering the producers and users of hydrocolloids, the conference will be in San Francisco April 27 to 29. More information can be found on their website at www.Hydrocolloid.com.

LES Spring Meeting

The Licensing Executive Society is the premier organization for licensing and technology transfer with over 6,000 global members. Their Spring Meeting is in Chicago from May 4 to May 7 and we have committed to presenting part of a day-long add-on workshop titled “Licensing’s key role in global innovation”. Information about the conference can be found at <http://www.usa-canada.les.org/meetings/2008spring/>.

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 these respective organizations 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. Paragon has clients seeking:
 - a. New high performance composite materials for strategic investment.
 - b. Replacement/substitution chemistries which are environmentally friendly, particularly in personal care. A critical criterium is that it must have strong IP that could be acquired.Anyone with technologies fitting these should contact Jack Peregrim at (203) 288-4154 or Peregrim@ParagonDevelopment.com. Responses will be forwarded to our clients, so they can contact you directly.
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Quotes of the Month

"There's no limit to what a man can do or where he can go if he doesn't mind who gets the credit." *Ronal Reagan*

"There are no shortcuts to any place worth going." *Beverly Sills*

"Simple solutions seldom are." *Many sources*

"A certain amount of opposition is a great help to a man. Kites rise against, not with the wind." *John Neal*

"The time to relax is when you don't have time for it." *Sydney J Harris*

"If most of us are ashamed of shabby clothes and shoddy furniture, let us be more ashamed of shabby ideas and shoddy philosophies." *Albert Einstein*

"If you don't place your foot on the rope then you will never cross the chasm." *Liz Smith*

"The most powerful weapon on earth is the human soul on fire." *Ferdinand Foch*

"Everybody wants to go back to nature. But not on foot." *Werner Mitsch*

"Curiosity is a willing, a proud, an eager confession of ignorance." *S. Leonard Rubinstein*

Interesting Words

Weald: (weeld) Noun
A woodland

Prepone: (pree-PON) Verb
To reschedule an event to an earlier time.

Inhume: (in-HYOOM) Verb
1. To bury a person
2. To overlook or cover up a subject or issue

Circumbendibus: (sur-kuhm-BEN-duh-buhs) Noun
1. Circumlocution

2. A roundabout expression
3. Avoiding direct or clear explanations

Schnorrer: (SHNOR-uhr) Noun

One who habitually takes advantage of others generosity, often through an air of entitlement

“The Numbers Don’t Add Up!”

Background:

We have all run into situations where the numbers don’t add up and everything we do to resolve them just seems to complicate things even more. The following example is very recent, but really exemplifies situations that happen all the time.

A chemical company had developed a process that imparted new functionalities to selected polymers. In getting ‘the numbers’ for management, the market research showed that the market for the key polymers in four targeted applications (equivalent to the client’s offering) was \$560 million annually in North America. Other research showed that there were four major players that held over 90% market share collectively. Two of these players were leaders with an equal 35% share each. One of the two players, according to research, had \$85 million in sales and the other had \$110 million in sales. The two ‘equal’ players show 20% difference in their sales. Regardless which one is accurate, if we assume they have 35% market share, then the total market is half what the research showed.

The research has cost close to \$200,000 to date (pre-PARAGON). It was a combination of external studies; one major and several smaller consulting organizations; and considerable internal effort with experienced professionals. The figures shown above were from last August. Since then, all efforts have made things even more convoluted. Management does not want to commit past the launch gate because of their concerns of what the numbers could mean, i.e.:

- There are competitors that have not been identified and their responses could be critical.
- The market is not large enough to warrant the significant capital investment which would be required.
- The pricing numbers are questioned even though all research in that area showed no variance from multiple sources. (EVERYTHING gets questioned now!)
- The client’s strategy is to launch with the number one or two player. Who is that?

Underlying reasons:

There are many reasons that numbers don’t correspond even with a great deal of effort. Only a few are:

- The data is interpreted differently by different people. For example, one consulting company considers a market segment to include more applications than another one does. Another recent example was in nutraceuticals where two sets of figures were order of magnitude different. The reason was because one firm classified sunscreens in this category while another did not.
- Intentional subterfuge, where an organization wants to either minimize or exaggerate its sales or market share. Thus, it will report figures that are based on how they want people to interpret them instead of accurately reporting things.
- Sloppy research, which is all too common. We also know of cases where major, costly studies have simply ‘updated’ old reports that were as much as five years out of date. Instead of conducting a study by starting new again, they just made quantified calculations from qualifying input. In the case sighted here, we know the major organization spent 7% in the ‘new’ report of what it spent many years ago in generating the initial figures, and, of course have increased the price for this multi-client study.

Recommendations:

The first recommendation is one that no one wants to hear and that is to expect conflicting numbers. Even historic numbers can have wide ranges of discrepancies but present and future numbers certainly will. There are many variables that underlie the numbers and this will just ensure the lack of unanimity of various projections. If we don’t know and accept this as reality then we will just paralyze ourselves by trying to get the figures to match up in every case. And, we have many personal examples of clients who have wasted time and opportunities because of this.

One last point about expectations is to set the expectations for uncertainty up front and not have conflicting figures ‘blindsided’ management when they are presented later. If the conflicts are surprises then they will have a very difficult time in being explained.

Other recommendations are:

- To use the various numbers and just calculate a median. And, we have a client who puts weighted values on the sources and then uses Monte Carlo to make the projections. They claim a pretty good success rate when they have looked back at previous projections in matching up with the reality historically.

- Keep the focus on criteria thresholds and not on exact numbers. An example would be that your launch commitment requires a minimum potential of \$10 million per year within 3 years and at least two solid customer commitments for a minimal and set amount. Under that scenario, we should pass through a launch gate where overall potential could have numbers that range from \$20 million per year to \$100 million per year. In either case, it meets criteria even with such large uncertainty. Also, and this is a separate issue; this approach eliminates exaggeration and internal politics where there is a tendency to project large numbers to get internal support, so we use overblown figures to look better than another project that is in competition for our funding.
- Develop an understanding of how the numbers were calculated. Even externally acquired numbers should be backed by a process that is transparent if you are willing to purchase the outputs. Knowing how the numbers are generated and validated will give you a sense for accuracy.
- A last recommendation may be to expand the research effort after conflicting numbers are generated or acquired. An example would be to initially have two sets of calculations and, if they are far apart, then acquire or generate another 5 sets and determine which of the first two was closer. We do not look at this as the best approach because the new 5 calculations may only increase the uncertainty but it may have to be the approach management would accept.

Summary:

This topic is a very difficult one to address. The real question may be about how to handle situations where multiple sources and projections all say the same thing. The most important issue we should address is in balancing our need for getting numbers (which lower risk and increase certainty) and the lost opportunity contributions that will come if we wait too long in resolving conflicting numbers.

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 makes sparkling wine sparkle?

Sparkling wines are made from both white and red grapes. The difference between still and sparkling wine is the presence of bubbles when the wine is poured into a glass. Sparkling wines may be produced from a variety of processes from the simple infusion of carbon dioxide into the base wines to the more complex process of Methode Champenoise. It should be noted that all sparkling wines are ready to consume on release. Some bottle age after disgorgement may add extra character, however most sparkling wines should be consumed within 2 years of packaging.

2. What year was the world's first e-mail sent?

1971 by Ray Tomlinson.

3. What is vanilla made from?

The extract of fermented and dried pods of several species of orchid.

4. What were the names of the 'seven seas'?

Red, Adriatic, Black, Caspian, Mediterranean, Persian Gulf, and Indian Ocean.

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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