

The PARAGON Perspective

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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 is on the timing of projects. The request we received was for a perspective on the general topic of “deals gone bad”; however, we felt it would be more beneficial to be more specific to a particular reason that occurs in many of those cases. The title is: **“Deals Gone Bad – Underlying Reasons”**.

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Paragon Update

March saw new project starts in a broad range of topics with a significant number being from first time clients to PARAGON. We are also seeing an increase in international clients. With weaker non USD currencies, they are focusing many of their projects on the North American market where there is an appreciable cost and price advantage at the moment.

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Conferences

LES Spring Conference---Boston MA
May 18-21

The Licensing Executives Society is the leading organization in education, process, and networking in licensing and technology transfer. Their meetings are always well attended by business executives as well as licensing and intellectual property professionals. We plan to attend this meeting ourselves and will assist in the roundtable discussions. We look forward to seeing you there. For more information go to the LES website: <http://www.lesusacanada.org/default.aspx>.

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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 over six 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.

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Technologies of Interest

Packaging Adhesives and Coatings: A client is interested in any technologies or developed products with applications into packaging adhesives and coatings. They have a substantial existing business and are looking to expand their pipeline of development projects and offered products. They would also be interested in standalone companies with attractive products.

Silicones: A client is interested in licensing in or partnering on new technologies that improve performance in silicones for a wide variety of applications

For more information regarding the above technologies, contact:
Jack Peregrim @ (203) 288-4154 or Peregrim@ParagonDevelopment.com

Moldable/Sprayable heater: A highly efficient heating additive, with a wide temperature range, that can be put in or on various materials (glass, most plastics, wood, and concrete to mention some of them). The additive formulation can be designed to go to a specific temperature and stay there based on the electric input; heating time and power usage are adjustable. Electrodes are required in various forms depending on the product application; and the heated area will be needed to be insulated due to the conductivity.

For more information on the moldable/sprayable heater, please contact:
John R. Hickman, CEO & President, Plastech Consulting Inc.
Phone: (330) 899-0818 JHickman@PC-Plastics.Com

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Quotes of the Month

“When we ask for advice, we are usually looking for an accomplice.” *Marquis de la Grande*

“The fewer the facts, the stronger the opinion.” *Arnold H. Glasgow*

“Express an opinion, but send advice by freight.” *Charles Clark Munn*

“Every conviction was a whim at birth.” *Heywood Broun*

“You’re never a loser until you quit trying.” *Mike Ditka*

“An idea can turn to dust or magic depending on the talent that rubs against it.” *William Bernbach*

“Comfort comes as a guest, lingers to become a host and stays to enslave us.” *Lee S. Bickmore*

“If you are patient at one moment of anger, you will escape a hundred days of sorrow.” *Chinese Epigram*

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Interesting Words

Eremitic: (AIR-uh-myT) Noun
A recluse. Particularly for religious reasons.

Homologate: (huh-MOL-uh-gayt) Verb
1. To approve officially.
2. To register a specific model of vehicle to qualify for racing.

Vatic: (VAT-ik) Adjective
Of or related to a prophet or a prophecy. Prophetic.

Locum: (LOH-kuhm) Noun

A person filling in for another, especially a doctor or clergyman.

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“Deals Gone Bad – Underlying Reasons”

Background:

We were recently asked by several people at a conference to have a column on the subject of deals gone bad that our clients have experienced. In a staff meeting to discuss this, everyone was in agreement with the value of sharing examples from a learning perspective but there was a great deal of disagreement about which examples to use. We had dozens of examples to choose from and finally expanded an hour meeting into an entire morning so we could address this in a way that would be most meaningful and valuable to our readers. We took an approach where we would look at the underlying reasons for deals going bad and not necessarily focus on specific cases unique to industries or markets or a specific client.

There are reasons beyond those we discuss below, but the ones we have chosen have multiple cases supporting them. We also realize that we could not do justice to prescriptions and recommendations for each and still stay within the 1,000 words we try and limit this column to. So we will build on those over the coming months that our readers’ responses indicate they would like to see us address further.

Most common reasons for deals gone bad:

- The first reason is in working with the wrong external target. By far this was the most common reason for bad deals. There are many underlying reasons that support this, a *few* of which are:
 - Following the ‘path of least resistance’ where we lock in too early on a development partner or negotiation target, not being patient and looking at a larger field that would include the best one and not the easiest one;
 - Committing to the most obvious party which is related to the first one but also separate from it;
 - Having poor or no criteria in dealing with outside parties and therefore no determination of success or failure (the criteria is to “get the best deal” which provides no measure for success);
 - Failure to get outside information about critical success factors such as relevant regulatory, competitive, or market drivers that affect the party we are working with;
 - Allowing the external targets to set the timing and agenda;
 - Locking into contractual agreements too early that preclude changes and minimize flexibility;
 - Compromising pricing and higher value for volume;
 - Not setting deadlines and hard stop/go points; etc.

As you can see there are many, many reasons that can cause an individual or organization to end up working with the wrong target and that represents the largest post mortem reason in looking at deals that went bad.

- Another reason is having the wrong internal parties involved. Again there are many specific reasons that this occurs but just two are when negotiations and development are handled by people with no functional experience or at a lower level than required and when the internal parties have biases or personal agendas such as having R&D handle negotiations for licensing new technology when their main interest is in getting recognition or generating business value.
- Overall lack of criteria is another main cause and it is amazing how often we are involved in deals with no other criteria than to ‘get the best deal’. This goes well beyond choosing external targets as mentioned above. It involves other areas such as strategic fit, pricing, financial and timing, and mutual expectations and responsibilities.
- Resource commitment is another major reason and is exemplified by a project we were involved with that missed first to market competitive advantage even though they had a three year head start on the initial invention. They under-sourced the continued development, allowed several competitors to develop alternative innovations to achieve the same end. They basically assigned people to work half time and replaced the people several times over years while expecting the ‘half person without continuity’ to single handedly generate a licensing platform worth tens of millions of Euros per year. They minimized costs to one extent and the opportunity value exponentially more than that.
- As stated above, this list could be ‘book length’ but we will keep to the five most major reasons. The last one would be placing too much trust in the other party. It is easy to just take what you are told at face value but that can kill or drastically minimize the success of deals. You cannot verify everything but we absolutely need to verify more than we do and generate information beyond the areas shared by the parties we are working and negotiating with. Some of the main ones we don’t verify properly and trust explicitly are: the information shared by others about their customers

wants, needs, and values; the value internally from a competitive advantage; the 'real' drivers to do a deal with you and not their 'positioning'; etc.

Summary:

The above discussion and recommendations only scratch the surface on this issue and we have many more examples both highlighting the approaches above and some that are very different. We don't have the time to cover every success approach in this edition but at least we hope to have provided food for thought and an awareness of a very overlooked issue in product management.

We want to summarize by reminding you that there are ten reasons a deal can go bad for every one reason that it will succeed. This is a good rule of thumb and mirrors the success rates of new products and business initiatives. When each of you are in a 'deal' and you feel comfortable you need to start to worry because the common factor in all of the deals gone bad is that people were surprised when they did.

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. This edition and three of the last Perspective topics were submitted by others. 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.

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Trivia

1. What happened to Abraham Lincoln's coffin before it was permanently entombed?

It was finally laid to rest after it was moved 17 times to thwart grave robbers and it was even hidden under a pile of lumber for a while.

2. What percentage of the Netherlands is below sea level?

50%.

3. What section was added to the United States Internal Revenue Service requirements in 1989?

A section on how to collect taxes after a nuclear war.

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We hope you learned something from this and/or stimulated an action that leads to new opportunities for you and your organizations and that you will let others who might find this newsletter useful know about our publication. Previous issues of our newsletters can be found at <http://www.paragondevelopment.com/perspective.html>. If you would rather not receive the newsletter please respond to this email and include the word REMOVE in the subject line or in the message. To subscribe to our newsletter, please send an email to contact@paragondevelopment.com and include the word SUBSCRIBE in the subject line or message. We will never sell your email address to others.

We encourage you to visit our website at <http://www.paragondevelopment.com> to find out more about PARAGON Development, who we are and how we assist our clients.

Your friends at:

PARAGON Development

<http://www.paragondevelopment.com>

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