



The PARAGON Perspective

PARAGON DEVELOPMENT

Features

Conferences

Technology Transfer/Capabilities

Technologies of Interest

Quotes of the Month

Interesting Words

“Build or Buy? New growth platform investments.”

Anecdotes

From the President

For those of you not familiar with us and may have received this as a ‘forward’ from the original recipient, The 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 editorial of this month's *Perspective* - “**Build or buy—new growth platform investments**” – was requested by multiple clients who are trying to balance the alternatives.

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

Paragon Update

We are very pleased to announce that we have an alliance with STRATEGYMARK to jointly work with clients on buy side small and mid-sized acquisitions. Our combined resources and experience bring the best aspects of deal brokers and consulting support in a cost effective way. STRATEGYMARK has a history of working in the chemical industry with private equity as well as stand-alone companies and divisions or business units within larger corporations. This mirrors PARAGON's experience as well and the further focus is on non bolt-on acquisitions. Our combined support will identify technologies, products, and then candidates that are complementary but new. Our organizations have collaborated on many projects over the past decade and this formalizes a specific focus on M&A. Additional information can be attained through either party with the main contacts being:

Jack Peregrim, PARAGON (203) 288-4154, Peregrim@ParagonDevelopment.com
Mike Brown, StrategyMark (302) 235-2217, Michael.D.Brown@StrategyMark.Com

PARAGON's new mailing address is: PO Box 185490, Hamden, CT. 06518-0490. Please change your records.

Quarter 4 is setting up as possibly the busiest quarter in 5 years. The projects span many different objectives but one common thread stands out – a higher percentage than usual is focused on situations where the client has under-performing assets.



Note: Jack Peregrim has made an announcement that has created some confusion. He is organizing a Vistage CEO group in Connecticut and will chair its monthly meetings. This will not detract from or inhibit his responsibilities at PARAGON. More information regarding Vistage and its process can be found at: www.Vistage.com.

[Return to #Top](#)

Conferences

No November meetings have been sent to us for posting.

If you want to alert our readers about a meeting or conference of interest, just send us your posting and we will include it in future editions.

[Return to #Top](#)

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 in executive positions who either oversee or practice 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.

- A very promising development project by Aria Neurosciences is targeting a novel and important mechanism of action in Alzheimer's disease with initial, favorable findings. They are seeking investment, corporate partnership and/or out-licensing opportunities.

For more information please contact: Bijan Almassian at (203) 230-8596 or Balmassian@AriaNeurosciences.com

- A client has a new technology for converting cellulose polymers to glucose without enzymes. It is felt this will create efficient and cost effective processes in a wide variety of applications.

Please contact Beth Edwards at United Catalyst for additional information. Stewart@UnitedCatalyst.Com

- A client has new, patented bacteria for breaking down waste that is specially formulated for cold weather applications. These bacteria will break down waste and will grow at 4° C and lower offering functionality at temperatures that have no comparable alternative.

For more information contact: Tracy Finnegan at (630) 906-9791 or ELFEnvirnmental@Aol.Com

- A client has a 'drop-in' replacement for flexible PVC; highly fire resistant, non-detectable toxicity and low smoke generation for extrusion, calendaring, blown film, sheet or molding in a variety of durometers. Color matching available. R&D 100 recipient.

For more information contact: Ed Gregor at (803) 431-7427 or ecg@EGregor.com

Technologies of Interest

Clients have expressed interest in investing, licensing, acquiring, or partnering in the following:

Clients have expressed interest in investing, licensing, acquiring, or partnering in the following:

- A client is looking to make acquisitions in specialty materials as well as high value, differentiated additives and materials.
- A client is interested in wearable sensors that are in preclinical stage where the sensor can be used as a triage tool in secondary and third world countries. The most important functions are blood pressure and glucose monitoring. This client has the software and process to use in conjunction with a sensing device that will allow healthcare providers to prioritize conditions and treat those in need first. This is a very good cause and we hope someone reading this has a sensor that can be licensed or purchased.



- A client is looking for new technologies for purifications with a focus on water used in industrial applications.
- A client is looking for new, novel, value-added technologies used in the production of active drugs.
- A client is looking for new nylon enhancement technologies such as additive or copolymer technologies that add value to basic nylons.
- A client is looking for new, novel, value-added technologies used in the production of active drugs.

If interested in any of these “Technologies of Interest”, please direct inquiries to Jack Peregrim, Peregrim@ParagonDevelopment.Com, (203) 288-4154

[Return to #Top](#)

Quotes of the Month

“There are two possible outcomes: if the result confirms the hypothesis, then you’ve made a measurement. If the result is contrary to the hypothesis, then you’ve made a discovery.” *Enrico Fermi*

“If you can’t be a good example, then you’ll just have to be a terrible warning.” *Catherine Aird*

“If your contribution has been vital, there will always be somebody to pick up where you left off, and that will be your claim to immortality.” *Walter Gropius*

“The opposite of a fact is falsehood, but the opposite of one profound truth may very well be another profound truth.” *Niels Bohr*

“Science is organized knowledge. Wisdom is organized life.” *Immanuel Kant*

“It is better to live one day as a lion than a thousand days as a lamb.” *Roman Proverb*

[Return to #Top](#)

Interesting Words

Orgulous: (OR-gyuh-luhs) Adjective
Haughty .

Diffident: (DIF-i-duhnt) Adjective
1. Restrained or reserved
2. Lacking in self-confidence.

Luftmensch: (LOOFT-mensch) Noun
An impractical dreamer.

Pungle: (PUNG-uhl) Verb
To make a payment; to shell out.

[Return to #Top](#)

“Build or Buy? New growth platform investments.”

Before we go any further, we want to tell our readers that we are not going to advise on criteria or situations to employ either. We are using 2 examples of our project work to show there are many reasons not usually recognized as being important factors. In reading the backgrounds, most people probably feel the organizations would have taken the opposite strategies based on their situations and objectives. And, most will choose the opposite approaches based on their circumstances.

Background:

A very large global organization has a business unit that we have been working with over the past several years. They are one of 8 global businesses and have just been declared to be a growth/investment business. With this designation the corporate board has told them they are expected to double their business to \$1.8 billion by 2020. They have been told, “Do it fast and do it right.”



The business, however, has not reinvested profits since 2009. They have contracted their staff, particularly those in development functions - market, commercial, new business, new product, etc. Their industry is a stable, mature one where many acquisitions and mergers occurred 10-15 years ago and there are no new technologies or start-ups that offer differentiated value. They have decided the best thing they could do, would be to invest internally and build.

Another client of many years is looking at investment in a new platform that fits their technology competency in their other products and offerings. They have continually invested in new technology that could be in-house foundations for a new platform and have decided to buy rather than build.

Rationales:

Providing a few simple answers would not provide every reason for the choices, but, the top ones are:

- First is management personnel and their competencies. In the first case, the corporate board recognized that by contracting their management, they lost the talent and experience needed to build the business in the new, robust way expected. Even though acquisitions would be limited primarily to 'bolt-ons', it was felt to have greater risk because management was so diluted there was fear that managing the process and integration would not be successful.

In the second case, even with a broad talented management team, it was felt that buying was the preferred option. Part of the reasoning was an embrace of open innovation so they wanted to create value from outside in parallel to their efforts. They felt they had the talent to manage the acquisition process and integration even if the new organizations bring significantly different technologies and products. Therefore the first consideration was **management talent**.

- The second consideration was about risk which was defined several ways. The first company felt there was less risk in overall potential from hiring people who didn't work out than there would be from the much larger money at stake from a company that could be a loss. Even hiring a significant number of development managers would not be dilutive but an acquisition could be. And, upper management was as concerned with protecting themselves as they were with the investment regarding potential ramifications from not meeting expectations.

The other company did not see a risk in making acquisitions because they felt their talent would overcome any overestimation of value. They were just confident that they would make it work. Thus, the second consideration was **risk tolerance**.

- Another consideration that played into the determination of which growth strategy was employed was simply their past experience. In the first case upper management has mostly financial and/or operational backgrounds. They had very little experience with M&A and were uncomfortable with the process. In the second case, the organization had regularly used acquisitions, licensing, partnerships, and many different types of growth strategies. They had the experience and confidence to go the acquisition route. Another consideration was the company and management **history**.
- One last factor was based on the point in time the strategies were created and the factor that time played. In the first case, management had been with the organization for a number of years and they wanted steady progress that could be tracked and managed over time. In the second case, the president had just moved up and several others were new to their positions. They wanted to make a quick impact and therefore the final factor we are presenting is **career timing**.

Summary:

The common factor in our recent experience is not based on industry or other strategic objectives, but on who and not what. It is more the people issues that determine the strategy than the situational ones. We argued internally whether we should offer opinions on whether this was healthy and, if not, how it should be changed. At least in this month's sharing section we are going to leave it as is and want to encourage our readers to respond with their comments or recommendations - with or without attribution.

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.

PS:

We want to remind our readers that this section of the newsletter is open to anyone with a development topic or an approach they would like to share or even just comments or criticisms of a past topic. Many of you - consultants, company managers, and academics - have very solid and profound contributions that could be presented in future newsletters as a guest contributor. We ask that your submission be from 300 to 800 words. Let us know and we will gladly distribute your topic to the thousands of people on our distribution list. We agree that the copyright and ownership be kept by the contributor and that our only right is to reproduce it in conjunction with this newsletter.

[Return to #Top](#)

Anecdotes

Napoleon Bonaparte

Searching for a book one day in his library, Napoleon eventually found it on the topmost shelf, beyond his reach. "Permit me, sire" said the tall Marshal Moncey, stepping forward. "I am higher than Your Majesty." Napoleon corrected him with a scowl saying: "No, Marshal, you are longer."

[Return to #Top](#)

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>

[Return to #Top](#)

