



PARAGON DEVELOPMENT

The PARAGON Perspective

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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 month's editorial is "**What are we missing**", based on a client request of what they might look at in technology commercialization that they have not to date.

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.

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The PARAGON Perspective

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Conferences

The American Filtration & Separations Society Fall Conference

"Next Generation Filter Media; Embracing Change"

October 13-16, 2014

Hilton Rosemont, Chicago O'Hare Airport

<http://fall.afssociety.org>

Licensing Executives Society (LES)

Annual Meeting

October 5-8, 2014

San Francisco, CA

WWW.LESannual.org

Just send your posting to us and we will include it in future editions.

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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 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 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:

- 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

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Quotes of the Month

"All truth passes through three stages. First it is ridiculed. Second it is violently opposed. Third, it is accepted as being self-evident." *Arthur Schopenhauer*

"Loyalty to a petrified opinion never yet broke a chain or freed a human soul." *Mark Twain*

"Men are often capable of greater things than they perform. They are sent into the world with bills of credit, and seldom draw to their full extent" *Horace Walpole*

"If I accept you as you are, I will make you worse; however if I treat you as though you are what you are capable of becoming, I help you become that." *Johann Wolfgang von Goethe*

"The actions of men are the best interpreters of their thoughts." *John Locke*

"In reading the lives of great men, I found that the first victory they won was over themselves." *Harry S. Truman*

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Interesting Words

Degust: (di-GUHST) Verb

To taste or savor appreciatively .

Prorogue: (pro-ROHG) Verb

1. To discontinue a session of something like a parliament.
2. To defer or to postpone.

Fissiparous: (fi-SIP-uh-ruhs) Adjective

1. Tending to break into parts.
2. Reproducing by biological fission.

Disabuse: (dis-uh-BYOOZ) Verb

To free from a mistaken belief or error.

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"What are we missing?"

Background:

In several projects recently we have had to address critical success factors that were either unknown by the client prior to our work; or were known but not designated as 'critical'. And, in every case we were targeting markets that represented significant ones for the existing business.

An example of this is one in which we were commissioned to identify new product platforms for a next generation product. Market experts in the Voice-of-Market® Forums were expected to focus almost exclusively on new products and best, targeted segments but each Forum inevitably focused on a new business model as the most critical success factor. They emphasized this as much more important than most potential product functional improvements. In addition, another key value was in branding which had been virtually overlooked to this point.

Another project dealt with a technology that we were looking to commercialize in various applications. Again, we were surprised by the results which showed a much more lucrative value to the client from licensing than by their traditional product development approach. Even with the information quantified, the results were always much higher in both financial as well as strategic value.



The real question is: "Why did these (and other) clients miss out on critical success factors that were so obvious in hindsight"?

Reasons:

There are many underlying reasons that we fail to optimize our value creation in new opportunities. The following are not meant to be comprehensive but merely exemplify some of the reasons that we have experienced:

- Our processes focus on the standard 'Big 4 P's'. Product; place; price; promotion. Yet, there are dozens of other factors that can influence the amount of value we create and capture for ourselves. We don't spend the requisite time we need to on alternative: channels; implementation vehicle; or business model options.
- We have become lean organizations so that we don't have the experience; time; personnel; or skills to look beyond those areas that represent our core competencies.
- We have become risk averse to the point that we don't do anything considered innovative unless it is proven to be the most optimal way. And, it is impossible by definition to prove that something is better until the initial approach establishes a 'base line'. It is a 'catch 22'.
- Our business processes such as Stage Gate are set up to allow us to work in teams but these teams are comprised of specialists who don't have the generalist background to look at options beyond their specialties.
- NIH. Not invented here. Our present approach has many, many years of time and study behind it so how could there be a better way?

Recommendations:

The first and primary step is to look outside the box at the existing business from the perspective that you are investors in this new business and will look at new ways to capture value. By far the best way is to get people outside your industry to do this. As an example; if you are in a commodity or high capital business, have a branding or consumer group come up with options; or have outsiders with expertise in a completely different channel generate options. Of course you will not make 'wholesale changes' in your basic business structure (at least in the short term) but you may add a few of the recommendations that can provide new competitive advantage. Plus, the experience will open the organization to new ways to look at opportunities. It will be much easier to implement new ways of doing things when you start with a clean sheet of paper.

Another factor that will be critical is to get senior management to encourage innovation beyond the lab in all functional areas (with limitations in legal and accounting of course). Make innovation a cornerstone in human resources; marketing; operations; planning; etc. The message is that "We should do different things unless we are certain they are not as good at the present way." This is radically different from the present approach which is: "We won't change anything unless we are convinced it is better". It should be clear that the latter is almost impossible to prove in practice and thus nothing is tried.

If the above sounds like we might be suggesting an environment without 'structure or rules' then we need to clarify. There needs to be boundaries and mechanisms put in place to ensure that major mistakes are not made. The first process step must be to do a risk assessment in making a change (either in existing or new business areas). And, any changes are done in a very limited way at first, possibly to one product line until there is a history or to a new channel in one non-core market segment. Then, a much deeper assessment needs to be made before a new approach is systematized and becomes a part of our formal business processes - in simple terms: try, study, embrace. In most organizations today our approach (philosophically) is: avoid, resist, study, delay.

Other recommendations are:

- Be ready to handle the apocalyptic responses that are always exaggerated. An example are the sales people who tell you that you could lose your best customers when they find out that you are pursuing downstream customers in non-core markets. This exemplifies the 'silo' nature that exists in large organizations. The sales people have a narrow responsibility to protect their customers and get orders. Anything that may affect that, even very remotely, is a threat and will be resisted even if it benefits the business overall. That is NOT what they are judged on. This applies to all the functional areas as well as geographic ones.
- Have a few generalists involved. Particularly in new business development and planning. Certain areas should be filled more often from people outside the company and these are the best ones. In strategic planning, it is much easier to learn the technologies and markets (at a strategic level) than it is to teach a long time 'insider' to look outside the box at different business models.



- Get an executive champion at senior management. Not just a sponsor but a champion. Without that, nobody would stick their necks out and nothing will happen.
- Encourage key people to go to non-traditional events. Go to conferences on branding, licensing, functional ones but in different industries, etc. Let people understand that there is no one, best way to do things.
- Incorporate new approaches into existing processes to ensure new things are looked at. An example would be to take a new product platform and designate that at least 3 different channels or business models will be used in the initial commercialization.

In summary:

The above is not to say that we need to turn our organizations ‘inside-out’. We need to look beyond our comfort zone of systematizing the things we do and getting better at them without doing something different. We are in a period of rapid and dynamic changes in all facets of our world. We believe organizations serve themselves better by being better at reacting and embracing change than in ‘digging in’ to the same-old; same-old.

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.

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Anecdotes

Abraham Lincoln

A guest at a reception told Lincoln that in his home state people said that the welfare of the nation depended on God and Abraham Lincoln. To which Lincoln replied: “You are half right.”

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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.

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