

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.

We welcome your comments on any topic and encourage you to contribute to future newsletters. The PARAGON Perspective is now in its sixth year. We thank everyone for their newsletter contributions and for the ideas and suggestions that have brought recognized improvements and made it easier for us to produce.

All issues of *The Paragon Perspective* are archived on our website so you may easily pass along past issues to colleagues.

This and next months' newsletters will discuss the business development topic of Partnering. Our next month's issue will discuss "partnering with new partners". This month's topic highlights:

This month's newsletter is the second of two discussing the business development topic of Partnering. Last month's issue addressed partnering in new ways with an existing partner while the topic this month is:

"Partnering with a New Partner".

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Paragon Update

PARAGON has set a record volume of business in 2007 and we thank all of our clients, referrals, and other supporters who were responsible. Our growth has been dynamic in two areas. One is in non-industrial/materials based business and the other is in strategic areas such as growth platforms and acquisitions. In many cases, these overlap but not in all.

We are starting new projects in November in: adsorbants; bio-engineering; lubricants; and new applications for a specialty polymer in packaging. More information will be shared as we get further into the projects.

Conferences

This space is reserved for announcements of conferences or events that may have value to our readers.

PARAGON is not scheduled to attend any major conferences for the rest of this year but we would be more than happy to make any announcements if a reader sends one in.

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. Two related technologies available for licensing or joint development are:
 - A room temperature sterilizer without using toxic chemistries.
2. New technologies of interest for license or acquisition are:
 - Specialty adsorbants or new processes to functionalize adsorbant materials
 - Specialty catalysts focused on high value add markets such as cosmetics or healthcare

Anyone with technologies fitting the above should contact us as below and we will forward the responses to our clients so they can contact you directly.

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Quotes of the Month

“Why bother studying the stars? Don’t they all look alike?” Assistant speaking to Galileo

“Experience is the name everyone gives to his mistakes.” *Oscar Wilde*

“It takes 20 years of hard work to become an overnight success.” *Diana Rankin*

“A positive attitude may not solve all your problems but it will annoy enough people to make it worth your while.” *Herm Albright*

“You can’t wait for inspiration; you have to go after it with a club.” *Jack London*

“I fight every day, but who said a fight has to be with tongue and feet. You fight by showing you can overcome.” *Mookie Wilson*

“The mind is its own place, and in itself can make a heaven out of hell or a hell out of heaven.” *John Milton*

“We cannot become what we need to be by remaining what we are.” *Max De Pre*

“A man begins cutting his wisdom teeth the first time he bites off more than he can chew.” *Herb Caen*

“A sense of shame is not a bad moral compass.” *Gen. Colin Powell*

“Truth always originates in a majority of one, and every custom begins as a broken precedent.” *Will Durant*

“In the old days, when things got rough; what you did was without.” *Bill Copeland*

Interesting Words

Gravamen: (gra-VAY-muhn) Noun
The essence or most serious part of an accusation.

Multeity: (MUL-tee-i-tee) Noun
Multiplicity

Lugubrious: (lu-GOO-bree-uhs) Adjective
Mournful, dismal. Especially in an exaggerated or affected manner.

Moliminous: (mo-LIM-in-uhs) Adjective
1. Massive.
2. Laborious.

Buckram: (BUK-ruhm) Noun

1. Stiffness; formality.
2. A stiff cotton fabric used in interlining garments and in bookbinding.

“Partnering with a New Partner”

Background:

We have several clients who place partnering as a critical part of their strategic intent. Partnering is a preferred way to gain access to markets and channels; to continue to develop new products and commercialize with key customer partners; to outsource functions such as manufacturing; and as a means of accessing a technology and product pipeline for new growth. Customer; market; and channel partners are most typically the types of strategic partnerships of our clients.

Having an existing partner is a ‘double-edged’ sword. On one hand the partner brings a known and established relationship where the details have already been worked out and the people know each other’s wants and needs. But, in many cases a new development goes beyond simply extending or expanding existing agreements. There is almost inevitably a need to customize the deliverables and support by your channel partner. And, **changing** an existing relationship and its expectations may be more difficult than establishing a new one.

Example:

We had a client who developed a chemical coating technology that had applications as a glass coating. Their customers were large OEM Flat Glass producers in addition to fabricators of windows and other glass products. Their existing products were very mature and sold almost as commodities with their having very large market shares with selected volume customers and their competitors having the same situation with different customers based on volume contractual agreements.

The new coating was very much a specialty item and had a much higher value add than their existing products. The first thing they decided was to approach an existing major customer who they also considered a partner because of the co-development agreements they had in place to continuously improve the present product platform. Their customer immediately insisted on an exclusive development agreement with co-owned IP and they had enough leverage that our client agreed to it. They have had very minimal sales to date as the customer had a competing product under development that they did not tell our client about and after its launch all attention went to it. In the meantime, the customer’s competitors are all scrambling to develop their own complementary products as they cannot have access to our client’s product.

To summarize, our client’s product is going nowhere and will also have many alternatives in its primary application because of the investment by so many competitors to develop their own distinct coating.

Our project a year ago, at least identified completely new applications that are not restricted by the original agreement but collectively will be less than 60% of the potential in the glass coating area both in volume and profit.

Lessons Learned:

Of course the complexity of business partnerships does not lend itself to a simple standard approach to all potential situations. However, we can offer the following advice:

- Treat each new initiative or development area as just that. A new business with new and different options that may be more lucrative and optimal.
- Do not have the people managing the existing relationships to be substantively involved in considering new partners.
- Look at a new partnership as a new opportunity with its own potential for expansion and only give that up if there is a strong and compelling reason to ‘keep the new door closed’. In other words, change the priorities and ‘burden of proof’.

Recommendations for new partnerships:

- Assurance in writing of specific resource commitments and deliverables. (This should be repeated as the first 5 items)
- Have an exit strategy.
- Keep the scope initially to the most narrow parameters that can be negotiated.
- Involve third parties in the identification and evaluation to bring objectivity and to keep the screening confidential so as not to alert existing partners until it is warranted.

- No exclusives. Even if you give up to 95%; it should never be an exclusive with someone new.
- Set timelines for the negotiations and initial implementation steps. Without deadlines; discussions can go on forever and with new partners that is even more so.
- Work with top level and key players and ensure (in writing) that they will continue their involvement. Set frequent review dates with critical people.

Summary:

A new partnership can be the equivalent to a new product line in that there are many possibilities for expansion and providing a growth platform based on the initial purpose. New partners provide strategic options and leverage that may be critically needed in the future. Yet, it is certainly harder to identify, negotiate, and implement agreements with new people or organizations.

If we had to sum things up in a few sentences they would be:

- 90% of the time organizations look first at existing partners as having potential to be new ones in a different area and they do not look past them unless the situation is not a fit at all or if something extraordinary happens. We recommend that each new opportunity consider at least 3 new possible partnerships and do so SERIOUSLY.
- A new development platform should be viewed as an opportunity to establish new partnerships and secondarily as an option to expand existing ones.

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 last year 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 does seawater appear blue?

Seawater appears blue because it absorbs all wavelengths of light except for the shorter blue wavelengths which it effectively scatters. The light attenuation is caused by the combined absorption and scattering properties of everything in the water (Inorganic particulates and dissolved matter), as well as the water itself. Plankton has the greatest effect on the color of seawater. Tropical oceans have very little suspended sediments and plankton and are very clear so they typically have an azure blue color. Cooler, temperate regions are plankton-rich and appear more greenish blue.

2. What is the origin of the word 'Google'?

The word 'google' derived its name from googol, the mathematical figure which signifies the number one followed by a hundred zeros.

3. What is the only muscle in the human body attached at just one end?

The tongue.

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 unequaled 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 past 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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