

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.

This month's perspective can be invaluable in both determining and capturing new value. The title is: "**The Value is in 'Enabling'**".

We hope you are having a wonderful and enjoyable summer and a prosperous 2008 to date!

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

Paragon Update

PARAGON has a record number of projects in-house and is scheduling quite a few more in the next 2 months. Over half of these projects are with organizations outside the U.S. which is certainly influenced by the weak dollar in addition to a global economy that is relatively strong overall. It looks like it will be a very busy summer!

Conferences

Upcoming conferences that we have been asked to include in the newsletter are:

American Filtration and Separations Society
Fall Management Conference
September 22-25, 2008

One of our readers sent in this meeting announcement and recommends it highly. It has several different business; technology; and industry tracks. Details can be found at <http://www.afssociety.org/Fall2008/index.html>

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. Thermo-set process: A client of ours has developed a new thermo-set material that offers better processability to comparable thermo-sets such as polyurethanes while improving properties and lowering costs in many composites applications.
2. New engine: A client has developed a new and proprietary engine that could be used in automobiles and other vehicles. It is 40% less cost and weight with the same horsepower and it also would have 20% better fuel economy than a comparable horsepower motor. There is no compromise on robustness or durability.
3. Fuel cells: A client is investing in producing the next generation of fuel cells directed at large vehicles such as buses or trucks. They are interested in any new technology that could add robustness; power efficiency; storage; etc. to a commercially successful next generation platform.
4. Advanced materials: A client is looking to make significant investments in a wide range of advanced materials including metals; composites; polymers; and additives such as nano-particles. They encourage discussions with venture and academic communities in addition to commercial enterprises.

For more information contact Jack Peregrim @ (203) 288-4154 or Peregrim@ParagonDevelopment.com

Quotes of the Month

“Chaos in the world brings uneasiness, but it also allows the opportunity for creativity and growth.” *Tom Barrett*

“When you cease to dream, you cease to live.” *Malcolm Forbes*

“Fortune befriends the bold.” *John Dryden*

“Look for the ridiculous in everything, and you will find it.” *Jules Renard*

“Leadership: The art of getting someone else to do something you want done because he wants to do it.”
Dwight D. Eisenhower

“Nothing is so contagious as enthusiasm.” *Samuel Taylor Coleridge*

“Smooth seas do not make skillful sailors.” *African Proverb*

“Most problems precisely defined are already partially solved.” *Harry Lorayne*

“Simply setting criteria to define solutions wins half the battle.” *Jack T. Peregrim*

“Laurels don't make much of a cushion.” *Dorothy Rabinowitz*

Interesting Words

Macaronic: (mak-ah-ROn-ik) Adjective
Involving a mixture of languages

Adscititious: (ad-si-TISH-uhs) Adjective

1. Derived from outside
2. External
3. Additional

Fescennine: (FES-uh-nym) Adjective
Obscene or scurrilous

Indurate: (IN-doo-rayt) Verb

1. To make hardy, inured, accustomed
2. To make callous or unfeeling

Serotine: (SER-uh-tyn) Adjective
Late in occurring or forming

“The Value is in ‘Enabling’”

Background:

It is amazing just how often we are in meetings with clients and ask about a technology we are working on. We get many pages of data in regard to what the technology does and even what it does in a customer's final products. Yet, when we ask about what the technology enables we rarely receive a definitive answer. As valuable as this may be, we just don't give as much attention as is warranted by the considerable potential for value capture.

In Voice of the Customer work, we typically inquire of our customers things such as: “What are you going to do with our new material?” “Can our technology save money for you because of the easier processing?” “Do you think you can increase your sales with the added benefits?” But, we just don't use the word ‘enable’. And we should!

An example is a new specialty material from one of our clients that would allow their customers (fabricators) to substitute polymer products for metal based ones in very large markets where metals were the dominant material. There was a huge potential for new platform growth for those customers in addition to increased margins as polymer composite products were about 40% less than those of the specialty metals they could replace. Our client asked their customers if they were interested and were, of course, told “Yes, we are”. When asked why, the response was, “This would keep us ahead of our competition and even help us with substitutes for metal in the applications we are in.” Our client felt they would therefore have more pricing ‘stability’ and also be able to grow share from their competitors. But, we at PARAGON asked a simple question of a product manager who happened to be in one of the expert Forums. We asked what the new material **enabled**. The answer was all the information about new business platforms and higher margins! Our client's response was: “They just never told us that”; mainly because they were not asked the right question and used the ‘key word’.

Rationale:

The following are reasons we should inculcate the word enable into **every** new development initiative:

- It optimizes R&D and product development by going past features and even benefits and leads to the most valuable new offerings.
- It allows business and marketing to have the best understanding of strategies and tactics. Price elasticity can be maximized and higher prices can be justified based on a measured understanding of what your offering enables.
- It gets closer to identifying new value potential than any other question we could ask.
- It gives us leverage with both customers and even suppliers.
- It is a simple way to employ discovery based learning.
- It allows creation of new value beyond direct substitution.

Recommendations:

The following are very easy and simple to employ but with the potential for extraordinary results:

- Make the answers to this question a requirement of: purchasing agreement approvals; new product planning; and even R&D planning. Qualify first; then quantify the results. All based off the question; what does ... enable? The blank could be about a new product, or an early stage technology or even about a competitor's new products. But, the answer is critical to understanding value creation or potential loss.
- Get upper management to take the lead and ask the same questions both internally and externally. If an employee suggests changes or doing something new, asking this question can get past office politics and keep things focused on those areas with greatest positive impact.
- Have purchasing ask this in their negotiations. “If we increase our orders, what does that enable for you?” Even a ‘weak’ answer is meaningful because it highlights whether the other side is not being transparent or if there is no strategic value in increasing orders at that time.
- Make this question a 60 second part of every meeting on any subject until the message get through. If this approach is ingrained in an organization then everyone will make it a bait to explore potential beyond the obvious

Summary:

One of the more simple and direct subjects we have addressed but one with considerable potential when implemented.

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. How did the ocean water get salty?

Most of the salt in the ocean comes from the dissolving and leaching process—an extrication process from the earth's soil that occurs over hundreds of years. Rivers take the salt out of the soil and rocks and carry them into the oceans as well. Volcanic rock has a lot of salt embedded in it, and volcanoes release this material into the oceans stream. Aiding these processes is the ocean's spray which lands on rocks and soil and dissolves even more salt and the cycle continues.

2. How many ways are there to make change for a dollar?

293.

3. Are a tiger's stripes only from its fur?

No, the tiger actually has striped skin as well.

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:

PARAGON Development

<http://www.paragondevelopment.com>

PARAGON Development

1485 Dunbar Hill Rd. Suite 4010

Hamden, CT. 06514

(203) 288-4154

www.ParagonDevelopment.com

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.

If you no longer wish to receive *The Paragon Perspective* please respond to this email and include the word REMOVE in the subject line or in the message.