

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. "**Innovation beyond Invention**" is a reprint of a paper we recently contributed to and was published in the December edition of *les Nouvelles*.

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Paragon Update

New projects have started to come in. 2009 looks to have a slower start than last year but not so far off from last year to be a significant decrease, at least not to date. Many projects have been reduced in scope but our clients have been able to generate projects by looking at their merit over the economic environment.

Conferences

We have no new conferences scheduled within the next 2 months to recommend by the time this newsletter was released.

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.

Technologies of Interest

Bulk manufacture of a ferrofluid: A client has developed a highly stable ferromagnetic fluid together with a process that allows the ferrofluid to be manufactured in bulk. This manufacturing process has been implemented and the ferrofluid is commercially available. The scale of the manufacturing process allows the product to be supplied at a fraction of current market pricing levels, potentially opening the technology to application in many new markets and end-uses.

Technologies for wood preservative coatings. A client of ours is looking for new technologies that could lead to coatings that preserve wood that are based on natural ingredients.

For more information on the above opportunities contact
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Quotes of the Month

"Truth is its own reward." *Plato*

"The road to success is lined with many tempting parking spaces." *Many authors*

"We don't receive wisdom, we must discover it for ourselves after a journey that no one can take for us or spare us." *Marcel Proust*

"No man is wise enough by himself." *Titus Maccius Plantus*

"Appreciation is a wonderful thing. It makes what is excellent in others belong to us as well." *Voltaire*

"A wise man can see more from the bottom of a well than a fool can see from a mountaintop." *Unknown*

"Some people feel the rain. Others just get wet." *Bob Dylan*

"A ship in the harbor is safe but that is not what ships are built for." *William Thayer Shedd*

"The significant problems we face cannot be solved at the same level of thinking with which we created them."
Alfred Einstein

Interesting Words

Withal: (with-OL) Adverb or preposition
Adverb: 1. In addition 2. Nevertheless
Preposition: With (used postpositively)

Seriatim: (seer-i-AY-tim) Adverb
One after another; in a series

Etesian: (i-TEE-zhuhn) Noun
Occurring annually

Propinquity: (pro-PING-kwi-tee) Noun
Nearness in space; time; or relationship

Flummadiddle: (flum-uh-DID-el) Noun
Nonsense or something worthless

Newsletter Perspective

The following was a response to the topic in last month's newsletter with the author asking to remain unidentified:

"Jack,
I can testify that the fear of early exposure of new technologies is a very real issue. In my former Company, I had invented and developed new products and technologies. We were very reluctant to disclose a new development, especially for applications to new industries until all the t's & i's were crossed and dotted. And in defense of this reluctance, there were some real embarrassments on the few occasions where marketing persuaded us to press on regardless".

Innovation beyond Invention

In our experience with hundreds of projects across many companies, teams have invented a new technology or product and then wanted to take a 'cookie cutter' approach to capturing value from the invention. Because each invention, by its definition as an invention, is unique and differentiating; we need to at least consider differentiating options pre and post invention.

Two examples of alternative ways to capture value from invention are new business models and the flip side of a new business model. In new business models, as an example, a company that served the aerospace industry and sold directly to the airframe manufacturers such as Boeing and Airbus also sold to the airlines such as British Airways and American Airlines. Their business model was to sell replacement parts to the airlines just as they sold new parts to the OEMs. They developed a new product and during an expert Forum, several experts in the airline industry commented about how the company would get immediate sales if they 'gave the part away' but charged per flight hour to use it. This is based on the easy way operational costs were approved but the difficulty in getting capital investments approved. The company did an actuarial calculation and followed through on the recommendation. It not only had immediate sales and revenues but also increased its share in a competitive environment while considerably increasing profitability! It was only through pseudo-serendipity that this innovation was identified. There was no initial objective to be innovative in their business model but they simply had wanted to better understand price elasticity and sales potential.

In this case of the flip side of a new business model, a company was serving the power utility generating industry. They were looking to market a continuous, supportive process that would be used in power generation plants. They had originally planned to market this as an operational expense and to lease equipment and charge for materials that are consumed in the process. Another expert Forum suggested they would optimize value capture by charging this as a capital expense that would include service and support components as part of the equipment purchase. Using this model they could add enough in to more than cover all the company would need to support this approach. The rationale was that the utilities could go to their P.U.C.'s and get rate increases approved to cover capital requirements. It is more difficult to do the same for continuous operational needs. Thus this flip-side approach made the utilities overall profitability look much better to their shareholders.

There are many, many other ways to be innovative beyond an invention. Some additional examples are to be innovative in: partnerships and alliances, channels, marketing and branding, intellectual property options, value chain positioning, regulatory and registration options, and commercial roll-out strategies. The main lesson learned is that innovation has hundreds of possibilities beyond those we typically consider.

In order to identify and evaluate innovative options beyond technology and product invention, we need to employ processes that are 'non-traditional' to our typical commercialization processes. A partial list could include first, Voice-of-Market™, a process which brings objective perspectives in addition to a high level of knowledge. A second approach could be Pseudo-Serendipity, a process which recognizes and documents innovative options that we are exposed to but not directly seeking. Yet a third approach could be Discover-Based-Learning, a process that allows us to identify critical success factors and rank them, including those that were not even known to exist prior to the initiative. Finally there is Creative-Problem-Solving. Yes, the old 'stand by' process that will allow us to generate without evaluating and then apply previous generated objective criteria. This uncovers new options that have higher value capture potential but also enables the elimination of those options that are not the best.

The most important recommendations to licensing professionals is to recognize the limitations we have placed on ourselves because we don't have the time or training to do anything more than pursue traditional approaches to capture value from invention. If our invention is 'new', then we need to be 'new' in how we look to generate returns from the investments we have already made. And, lastly, the innovative processes we consider may be the difference between failure and having any success! '

Not all projects allow us to employ innovation beyond the invention. For instance many extension projects have already employed voice of the customer and there is little room for considerable innovation when the customers are already involved and the support processes are well established. But, we need to be much more innovative when we are extending technologies or products to new customers and markets. This is particularly true when we are dealing with a new potential platform.

There is also a large long term value after engaging in new processes. When licensing professionals use the processes mentioned above, they are typically oriented to a designated project. We should develop long term strategic competencies that will maximize value over time as well. If a specific project leads to recognizing the potential in a new business model, as an example, we will then be able to recognize that on a completely

different future initiative; and we have an already established 'learning curve' to recognize and implement it. Each innovative process will generate mechanics and tactics that can continue to be applied over time.

In conclusion, our challenge is to move beyond the 'standard' procedures and processes that we have set in place. That is not to say every new project must be different but we are doing an injustice to ourselves and our organizations if none of them employ or at least evaluate innovation beyond invention.

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. What makes bubble gum blow better bubbles than regular chewing gum?

All chewing gums consist of gum base, some form of sugar (or sorbitol in sugarless varieties), softeners and flavoring. The key to producing good bubbles is the proper gum base. Most manufacturers use polyvinyl acetate, a synthetic resin, as the gum base.

To produce a substantial bubble, the gum must be strong enough to withstand the pressure of the tongue and the formation of an air pocket but also flexible enough to stretch evenly as it expands. Bubble gum's secret ingredient is a class of ingredients called "plasticizers", a synthetic gum base that stretches farther than plain resin. Plasticizers guarantee sufficient elasticity to insure that little kids can pop bubbles big enough to plaster pink gook all over their faces.

2. What is the biggest participant sport in the world?

Fishing.

3. What was the first product endorsed by Elvis Presley on a commercial in 1954?

Southern Maid Donuts.

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>

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 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.

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