

The PARAGON Perspective

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From the President

First and foremost we offer a wholehearted expression of joy, peace, and best wishes for this Holiday Season! We are grateful for the many supporters we have in our clients and our network and cannot express our level of gratitude for this support.

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 titled: "**The Value of Trends**". Its subtitle would be "the value in ignoring them".

Jack T. Peregrim
 Pres., PARAGON Development
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Paragon Update

We have recently gotten much closer to our record year of 2009 but it looks like we will fall just short of that year. The various new projects and clients do make us very optimistic that next year will start to see both PARAGON and the overall economy rebound with a pent up demand for growth.

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Conferences

No conferences have been sent to us with request to post within the next 60 days.

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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 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.

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Technologies of Interest

Odor control: A client has a new chemical technology with the ability to control odors such as ammonia. They have FDA approval for use in most applications if skin is involved such as diapers. It is a very cost effective chemistry with the potential to lower cost in many products over existing processes.

Odor absorption: A client has a new family of products with the potential to absorb a very wide range of odors. They have focused on industrial applications and are looking at a new platform in consumer and personal care applications.

If there is interest in any of the above, please contact Jack Peregrim for additional information.
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Quotes of the Month

"Everything looks impossible for the people who never try anything." *Jean-Louis Etienne*

"Some people have all the luck. And they're the ones who never depend on it." *Bob Ingham*

"When one finds himself in a hole of his own making, it is a good time to examine the quality of workmanship." *Jon Remmerde*

Note: The following quotes were sent by a reader and are particularly interesting as the U.S. enters the next Presidential Election year. The quotes, however, are not meant to reflect any specific endorsements or views of the PARAGON team.

"In my many years I have come to the conclusion that one useless man is a shame, two is a law firm, and three or more is a congress." *John Adams*

"If you don't read the newspaper you are uninformed, if you do read the newspaper you are misinformed." *Mark Twain*

"I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle." *Winston Churchill*

"A government who robs Peter to pay Paul can always depend on the support of Paul." *George Bernard Shaw*

"Democracy must be more than two wolves and a sheep voting on what to have for dinner." *James Bovard*

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Interesting Words

Apopemptic: (ap-uh-PEMP-tik) Adjective
 Relating to departing or leave-taking: valedictory.

Verisimilitude: (ver-uh-si-MIL-i-tood) Noun
 1. The quality of appearing to be true or real.
 2. Something that has the appearance of being true or real.

Addlepatied: (AD-el-pay-tid) adjective
Confused, eccentric; flustered.

Tyro: (TY-roh) Noun
One who is beginning to learn something.

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“The Value of Trends”

Background:

Over the course of a year we have many projects that are ‘trend driven’. They represent a broad range of scope from strategic to tactical. Examples of the strategic projects are best exemplified by new platform investments with a focus on things such as: more sustainable products, lower energy, green, organic, lower carbon footprint, less toxic, etc. Tactical projects include objectives such as: R&D that makes a single product better in any of the ways described above, product development in a targeted application, commercial development in Stage 3, etc.

The commonality is that a trend or driver has been identified and embraced by our client as offering large value capture potential if their developments or strategies improve in ways measured strictly by the trend, e.g. (*a recent project*): a new product that allows claims for “preservative free”. However, in over several dozen projects not a single significant success was based on the trends that do not also meet criteria common in all new product and technology success for cost effectiveness. That also includes regulatory drivers because there are competitive alternatives that will invite cost in use comparisons as primary buying considerations.

Example:

In a recent project, our client developed an alternative chemistry for one that was being forced out by VOC emissions regulations. Our client’s product exceeded minimal requirements by a substantial margin over competitive alternatives. They were clearly better when measured by the main change in functionality required, but using their chemistry totaled about 6% higher than other products barely meeting the new guidelines. This was based on higher raw material costs plus increased processing costs.

The client is forced to go back and change their formulation in ways that make it more cost effective but it will not be as environmentally friendly as first formulated. The lessons learned were many but two stand out. The first is to know their customers and the dominant buying criteria they employ. We had planned and managed several Voice-of-Market™ Forums a year before and it was clear that cost and operational continuity are the primary criteria for choosing a replacement. The client ignored this and continued to make their product the one with the very lowest V.O.C. emissions and promoted it as such before finding that it would not be the first choice in any application with significant volume. The second lesson was in assuming that having an advantage in a popular trend provides major advantage and is not just of secondary benefit.

Recommendations:

Make sure that the value of meeting criteria based on trends is not of primary or secondary importance. In most cases they will be ‘tie breakers’ and not primary buying criteria. Other recommendations are:

- *Perform a value assessment from the customer and/or end market perspective.* Quantify what advantages this gives your customer that can translate into profit for them. This assessment has to go beyond Voice of the Customer efforts as you will most likely hear about the desires for suppliers to meet properties that are attractive but will not emphasize the need to keep or even lower the existing costs of their market offerings.
- *Always balance cost and performance.* A simple way to look at value proposition is to put the functional deliverables of a product or technology as a numerator with cost as the denominator. In most cases a 20% improvement in performance is a minimum to get even a very small premium and very rarely if there is large volume. Always look at the effect on cost as primary to the customer and do not get enamored with being the best as compared with a non-cost trend.
- *Time your offering in a way based on maximum advantage in the area of differentiation.* An example would be to pay a developmental premium to speed up testing and scale-up to meet a major event or conference or regulation.
- *Calculate system value, not just specific value based on narrow use.* E.g. new applications were identified when a new material was used. The old material that was part of their products was not approved for use while the new one would allow customers to compete in a much expanded environment.

- *Look for additional advantages created by providing documentation based on accepted testing where claims can be made and supported.* We have seen several cases where two products have market advantages in a functional area but one allows the customer to make a claim while the other simply improves performance.
- *Remember the lessons from 'Business 101' that there are many other factors that will likely play a larger role in success or failure than the improvements made.* First to market advantages may be more important than a superior product and this may be a good time to use the new differentiated product to look at alternative business models or value capture methods.

In summary:

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 beyond those considered every day. We do not try to presume to be the leaders in all areas we cover and 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 will continue to focus on topics that the readers choose over ones we consider within our staff, so please continue to send requests for topics you want 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. We ask that your submission be from 600 to a 1000 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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Trivia

- What is the origin of the sport of badminton?

Badminton is an ancient game that was played in India and called Poona. British army officers picked up the game and brought it back to Great Britain in the 19th century. The Duke of Beaufort entertained his guests at a party in 1873 and it caught on with the guests and the location was in Badminton, England.

- What percentage of the people killed by lightning are male?

85%.

- What is the oldest university in the world still functioning today?

Al-Azhar University in Cairo Egypt founded in 971 A.D..

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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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Your friends at:

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