The PARAGON Perspective

Features

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 titled: **"Portfolios within Projects"**. This is a subject we have touched on in the past and recent projects have confirmed it needs to be revisited. Next month's topic will continue the trend with a piece titled "Telescopes and Microscopes."

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Paragon Update

There are many projects beginning this fall but the nature of these projects is much narrower in scope than usual. Most of our client organizations are investing for the shorter term and reducing resources by reducing project scope in addition to postponing or cancelling things they would have done in the past. At this point we won't match our record year of 2009. Projecting 6 months out, we anticipate a higher percentage of 'project' projects or tactical projects reflecting R&D and new product efforts being positioned to launch by year end 2011 or early 2012. New platform projects or major growth initiatives are not the focus of company agendas as they have been in the past.

Conferences

LES Annual Meeting---San Diego, CA
October 16-19, 2011

The Licensing Executives Society is the leading organization in education, process, and networking in licensing and technology transfer. Their meetings are always well attended by business executives and licensing and intellectual property professionals. The LES annual meeting draws well over 1,000 attendees. (http://www.lesusacanada.org/am11)

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

Industrial Water Treatment: A client is launching a new product line in industrial water treatment that is primarily equipment focused with pumps, filters, etc. Their new line includes innovative ways to speed up production in treating water both in pre-treat and post treatments.

Functionalized Foam: A client has a new functionalized foam that offers fire protection in addition to insulation value. They are targeting building and construction opportunities such as penetration seal for wiring & cabling.

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.

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

"Happy is he who gets to know the reasons for things." *Virgil*

"In these days, a man who says a thing cannot be done is quite apt to be interrupted by some idiot doing it." *Elbert Green Hubble*

"The most beautiful experience we can have is the mysterious. It is the fundamental emotion that stands at the cradle of true art and true science." *Albert Einstein*

"It pays to know the enemy—not least because at some time you may have the opportunity to turn him into a friend." *Margaret Thatcher*

"In our play we reveal what kind of people we are." *Ovid*

"One man practicing sportsmanship is far better than 50 preaching it." *Knute Rockne*

"Among my most prized possessions are words that I have never spoken." *Orson Rega Card*

"We always weaken what we exaggerate." *Jean-Francoise de La Harpe*

Interesting Words

Enchiridion: (en-ky-RID-ee-uhn)   Noun
    A handbook or a manual.

Perspicuous: (puhr-SPIK-yoo-uhs)   Adjective
    Clearly expressed; easy to understand.

Defalcate: (di-FAL-kayt)   Verb
     To misuse funds; to embezzle.

Voulu: (voo-LOO)   Adjective
     Contrived; forced.

"Portfolios Within Projects"

Background:
We consider broad balanced portfolios within product and technology platforms as an essential way to manage consistent growth while also managing risk. This is an essential management tool for successful growth companies and we hold many planning and review meetings to ensure we have an optimal portfolio. Yet, new products or technologies (beyond VOC extensions) very rarely go through a **portfolio** assessment. The following is just one of many projects we have had recently and is analogous to the overwhelming majority that we have seen.

Example:
We were recently asked to help a client determine the potential and best targets for a polymer that had been functionalized by our client with new properties. This project was in Stage 1 and really on the 'fuzzy front end' of commercialization. In our initial planning event the client project team clearly stated that more opportunities were better than a few and we established verifiable criteria to eliminate those that would not be of initial interest. (The company could go back and work on the niche or secondary areas after the major commercial applications began generating revenue.) We then scheduled and executed Expert Forums.

The results identified 10 opportunities that met criteria and provided a healthy balance of short term and long term; as well as ones with large potential with higher risk while others had less potential but more certainty. We worked with the client project team to create and finalize the development plan for presentation to upper management and it emphasized the benefits of the portfolio approach with synergies in product development, testing, branding, IP, claims, and operations with large costs savings by the client. The plan optimized time to market and NPV. The potential was increased 10 fold over the one determined most attractive and the cost was less than twice to pursue the entire portfolio over the one that had a slight edge as best.

When presented to management, they told the team that the Company's preference is to pick one area and develop subsequent ones consecutively. They specifically said that projects should not take a portfolio approach.

<div align="center">"Portfolio management should be reserved strictly for platforms."</div>

This was the primary impetus for this topic and in a PARAGON company-wide meeting it was confirmed that all recent projects had avoided portfolio planning. None expressed interest during our kick-off/planning meetings that set scope and criteria.

Needless to say we disagree with this lack of portfolio consideration. Even though we do not believe it should be a major criterion in all projects to ignore it 'across the board' is counterproductive to every corporate objective for growth.

Recommendations:
Specific considerations and approaches are highlighted below but first and most impacting is a change in attitude required of upper management. They have to recognize and commit to the value of portfolio management in each project and to include it in the Stage Gate or other review processes used. If that is done then the following will be productive considerations:

- Establish criteria that allow every market or application for new products or technologies will get through stage gate and can be developed concurrently, or at least 'bundle' several opportunities that have synergy and cost benefits collectively.

- Challenge the opportunities that are chosen because they are just more 'comfortable' in the initial qualification process. These types of opportunities are typified by working with existing customers or adjacent market segments. The portfolio should have close in and stretch areas. Many times the best opportunity is from value created in a totally new area. This also allows for the greatest price elasticity and the pricing will usually translate to extensions with customers already being served.

- Look at customers with a portfolio approach as well. If there are several markets or applications targeted, it is better to target smaller customers in one and the major ones in others. We have seen too many projects where the client simply targets the largest customer and they can represent more barrier than gateway.

- Include the multiple markets and applications in your spreadsheet calculations such as Monte Carlo. The <u>overall</u> value will be surprising and create the support needed both within the team and with upper management.

- Balance a staging strategy (short term successes that fund longer term investments) with a synergy bundling of developments. This is the most difficult thing but doing all of one and none of the other does not lead to a healthy portfolio.

- Get equivalent levels of market and business information in all areas being considered. We have seen too many projects where the targeting is based on the amount of information attainable by the internal personnel and does not reflect the areas with the best potential. The choice is based on information readily available and we have seen major project failures based on this.

We will continue with this overall theme next month with a piece entitled "Microscopes and Telescopes".

<u>In summary</u>:
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.

<u>PS:</u>
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.

Anecdotes

<u>Why do different types of bread turn hard or soft when they go stale</u>?

It has to do with moisture as you may expect. Soft bread contains 32-38% moisture. If left unwrapped and exposed to the air, it will lose about half that moisture and therefore become hard. Hard breads like crackers have very little moisture—just 2-5%. When exposed to air, they absorb more moisture, and become soft when it reaches about 9%.

An interesting side note is that no physical changes happen to hard breads as they go stale, but soft breads actually undergo a process called "retrogradation", during which the structure of the starch in the bread changes via crystallization. In addition, some of the internal moisture migrates to the crust, making it softer, but leaving the inner bread harder.

<u>What country has the longest national anthem</u>?

Greece with 158 verses.

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

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Your friends at:

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