



The PARAGON Perspective

PARAGON DEVELOPMENT

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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 *“The Value of Trends?”* A client brought out this editorial which was originally published a couple years ago and requested that it be repeated as it is very appropriate to what their organization is focused on right now.

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

Paragon Update

We have booked the best 4th quarter Paragon has had in 4 years and have strong project starts in January. Many of our clients are again investing in growth with a balance between internal and external focuses. The projects are diversified in a wide range of markets and products for clients from many different industries.

Conferences

No conferences have been sent to us this month for posting.

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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 in executive positions who either oversee or practice new business development. This audience has the potential to generate legitimate interest. We do reserve the right to withhold posting any technology which would create a client conflict.

- A company has new technology that can offer highly selective removal of a wide variety of contaminants in industrial water management and treatment.
- A company has a novel catalytic technology with the potential to greatly increase production efficiencies in biochemical processes.
- A company has a new technology that improves the performance and lowers the cost of Type 3 compressed gas cylinders.

If interested, please contact Jack Peregrim at Peregrim@ParagonDevelopment.Com or (203) 288-4154

Technologies of Interest

Clients have expressed interest in investing, licensing, acquiring, or partnering in the following:

- New microbial technologies to in-license, acquire, or have a development partnership. Applications are not consumer or healthcare but focused on commercial and industrial applications.
- New/novel technologies based on or complementary to ion exchange resins.

If interested, please contact Jack Peregrim at Peregrim@ParagonDevelopment.Com or (203) 288-4154

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Quotes of the Month

“It is kindness immediately to refuse what you intend to deny.” *Publius Syrus*

“What we hope ever to do with ease, we must learn first to do with diligence.” *Samuel Johnson*

“Patience is also a form of action.” *Auguste Rodin*

“Until you’ve lost your reputation, you never realize what a burden it was or what freedom really is.” *Margaret Mitchell*

“Am I not destroying my enemies when I make friends of them?” *Abraham Lincoln*

“Your assumptions are your windows on the world. Scrub them off every once in a while, or the light won’t come in.” *Alan Alda*

“He is a hard man who is only just, and a sad one who is only wise.” *Voltaire*

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Interesting Words

Dreck: (drek)
Rubbish; trash

Smellfungus: (smel-FUNG-uhs) Noun
A habitual faultfinder or complainer

Harry: (HAR-ee) Verb
1. To harass, attack, or annoy. Especially repeatedly.
2. To raid or pillage.

Autochthonous: (o-TOK-thuh-nuhs) Adjective
1. Aboriginal; indigenous
2. Formed or originating in the place where found

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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 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 to anyone with a development topic or an approach they would like to share. Many of you - consultants, company managers, and academics - have very solid and profound contributions that could be presented in future newsletters. We ask that your submission be from 300 to 800 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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Anecdotes

Henry Ford

Ford was discussing education with a young man who found himself frustrated by what he felt was Ford's narrow view of schooling. The fellow replied, "These are different times—this is the modern age!" To which Ford replied, "Young man, I invented the modern age."

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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.

We encourage you to visit our website at <http://www.paragondevelopment.com> to find out more about PARAGON Development, who we are and how we assist our clients.

Your friends at:

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