The PARAGON Perspective
From the President

PARAGON Perspective is sponsored by PARAGON Development We are not intending, and will not use this communication to promote our business. There are other times and places and opportunities for that.

We hope to inspire debate and pass along information that may enable all of us to better understand and succeed in our new business objectives in the future. Plus, we hope to make you smile and think. We further hope you pass these along to colleagues who may have mutual interests.

We want to use this forum 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.

We welcome your comments on any topic and encourage you to contribute to future newsletters. The PARAGON Perspective is now in its <u>fifth</u> year. We thank everyone for their newsletter contributions and for the ideas and suggestions that have brought recognized improvements and made it easier for us to produce.

This month's newsletter will highlight our opinion on the business development topic: **"Losing at the Launch".**

Jack Peregrim
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Paragon Update

This is the third installment of our newsletter in what is now our 5th year.

The next few months are busy with new projects in consumer, bio-tech, and industrial new products/technologies. The actual objectives range from finding new applications for manufacturing process capabilities to identifying new technologies for licensing.

Conferences

This space is reserved for announcements of conferences or events that may have value to our readers. We have resisted posting 'monthly' meetings and have focused on major or National events, but due to the many requests, we will add those in 2006.

PARAGON highly recommends the CDMA conference in April that is for creating new value (new business development) for industrial based companies. This entails a broad range of skills and mechanisms such as new product development; licensing; acquisitions; and alliances. PARAGON will also be involved as one of the presenters at a workshop on the Basics of Commercial Development.

CDMA (Commercial Development and Marketing Association)
Spring Meeting—Philadelphia, PA
April 18-20, 2006

CDMA is the most effective and extensive organization with a specific focus on new business development for B2B based industries such as materials and chemicals. It provides excellent education on best practices in growth through new products, technologies, and market extensions.

Registration and more information can be found at: www.CDMAonLine.org

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 Being Sought

A client is looking for technologies that will have value in improving the value of styrenics based polymers and their applications, particularly with a focus in packaging. This could be additives that improve functional properties of styrene or polystyrene or it could be process aids that allow more efficient product or a reduction in costs. Our client is a very large global producer and is looking for new growth in specialty applications and with unique products and values.

If you have, or know of, any potential technologies or products for these clients, please contact:
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Quotes of the Month

"Victory goes to the player who makes the next-to-last mistake." *Savielly Grigorievitch Tartakower*

"Not everything that can be counted counts, and not everything that counts can be counted." *Albert Einstein*

"Basic research is what I am doing when I don't know what I am doing" *Werner Von Braun*

"The difference between fiction and reality? Friction has to make sense." *Tom Clancy*

"In the field of observation, chance favors only the prepared mind." *Louis Pasteur*

"The beginning is the most important part of any work." *Plato*

"The way to do research is to attack the facts at the point of greatest astonishment."   *Celia Green*

 "Unless you are running scared all the time, you're gone." *Michael C. Lynch*

 "Grand business plans are all very well, but nothing beats dipping your toe into the water." *Karan Bilimoria*

"It is on disaster that good fortune perches; it is beneath good fortune that disaster crouches." *Laozi*

"Miracles can be made, but only by sweating." *Giovanni Agnellis*

Web Site Additions

Our website has been updated but we will continue to add to our alliances and partnerships page. It provides sourcing to our clients on services they may be seeking in specialized functional or industry areas. As such, we will post organizations and individuals who we know to excel in products and services.

If you would like to be included in this listing, free of charge, please submit a request to us with a short (50 word) description of your products and services, as well as direct contact information. We view this as a mutual service to our clients as well as companies, consultants, and other entities we have had the pleasure to work with.

We encourage readers to review the organizations and individuals on the website as they are limited to those people we have personally qualified. This is also a service we offer without any compensation as our intention is to serve as a catalyst for success in a broad way that extends beyond those areas where we are best in kind.

Interesting Words

Weltanschauung: (Velt-awn-shau-enj) Noun
    A comprehensive conception or appreciation of the word especially from a specific standpoint.

Tergiversate: (TUR-ji-ver-syt) Verb
1. Turn one's back on one's party, cause, etc.
2. Make evasive or conflicting statements; equivocate.

Execrate: (EK-si-krayt) Verb
1. Detest greatly.
2. Denounce: utter curse upon.

Telos: (TEE-los) Noun
1. The end or main purpose.
2. An ultimate object or aim.

"Losing at the Launch"

Background:
One thing we have found that has diminished in effectiveness is the product/technology **launch**. We were recently reminded of this in working on a client project that had a launch team that we were involved with. This was the first time in years that we had actually worked with a dedicated launch team. As it stood out so much, it was an anomaly and reminded us that we used to work with 'launch teams' regularly until the last 5 years or so.

This client has been extremely effective in launching new products and they give a lot of credit to their launch team. They truly believe that many of their successes were based as much on how the product was launched as on what was launched.

Rationale:
The arguments for having a dedicated launch team are:

- The launch itself is like no other phase and it has unique and distinct success factors. In most organizations the same people responsible for launching a product have been doing the development and they are different skill sets.

- We have a tendency to overlook the launch phase and expect our products to 'speak for themselves'. We are in a very crowded environment and it is very easy for new products and/or technologies to get lost in the shuffle.

- We are too conservative in investing in the launch. Instead we choose a limited or *rolling launch*, but that means we have either staged success or staged failure. There is a strong argument to be made that we are better off knowing where we stand early so we can either make adjustments earlier or start cashing checks earlier!

- The launch requires extra personnel during the phase that will not be needed prior to or after the phase; so a dedicated team can step into and out of a specific product development project when needed.

- The launch team is the best way to determine the potential for success or failure in a product at an early stage. Their experience can spot the big winners and big failures based on early indicators that the normal (and not objective) product team could not identify.

- The launch team is also responsible for a launch portfolio strategy. Just as a product development process should look at a portfolio strategy, so should a launch team look at an overall strategy. This eliminates excess promotion on too many launches and may even provide economies of scale with multiple launches promoted simultaneously.

Of course the biggest reason for dropping the launch team concept is cost. We have pushed all cost centers into the business units who have then pushed it into each project. That brings up several questions we need to ask:

- Are project managers adequately budgeting their limited resources to cover the launch? After all, their backgrounds are typically technical or as product developers and they would rather spend their money in the areas they understand most. Besides, we can always 'blame marketing' if it fails at launch.

- Does the marketing group have the specific skill sets for launching new products? These are not the same as the day-to-day marketing duties, and most marketing departments have also been slashed drastically so they are rarely capable of providing the intense support needed.

Recommendations:
Planning for the launch is something we believe most organizations are weak at. We have been in many, many projects where there is no specific planning for launch. This is understandable in some cases as many projects are under funded and the personnel involved are just scrambling to keep up with the needs of the phases they are in, so the attitude is one of 'worry about the launch when we get there'. Management should be responsible for ensuring there is a plan and that it is part of the previous phase activities and gate hurdles. After all, approving a

product to the launch phase without a thorough understanding of what will happen next is ridiculous; but many companies do not require an extensive launch plan.

We need to resource for the launch and it generally is not inexpensive. There needs to be marketing, promotions, and advertising that will not be needed again at the same levels. Our dilemma is that we need the investment in launch promotions for the products to achieve potential but the product does not have success without it so there is no revenue to justify the spending. We need to work a launch cost into our business models at the earliest stage. We can do this by expanding our criteria for margins or profit potential at an early stage but also commit the resources for launching if those criteria are met. This also applies to financial calculations on NPV that shows scenarios for returns on the investment in launching 'properly' but with revenues that are quicker in coming.

Summary:
We are clearly advocating for launch teams but it is not to go back completely to the dedicated teams we used to have and especially in many companies it would truly be a large cost burden. We are strongly recommending that organizations look at the launch phase with a great deal more attention than they have in the past. There are outside marketing organizations that specialize in launching new products so it can even be outsourced. Don't just 'ease' into the launch; plan for it and ensure the proper resources are available.

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.

Trivia

- A dime has 118 ridges around the edge.
- A crocodile cannot stick out its tongue.
- A "jiffy" is an actual unit of time. 1/100 of a second.
- A shark s the only fish that can blink with both it's eyes

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:

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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.

<u>Focus</u>:

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.

<u>Mechanics</u>:

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 past 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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