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. **"Managing Risk"** has been covered in previous years but it is worth revisiting and looking at from different perspectives

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Paragon Update

With several new projects scheduled to start in the second quarter it looks like 2009 is back on track to be a busy year for us. The year had gotten off to a slower start than last year but not that much of a decrease. Many projects have been reduced in scope, but our clients have mostly been able to generate projects by looking at their merit over impact of the short term economic environment.

Conferences

Antec is the major conference and trade show event each year for the Society of Plastics Engineers and typically has many thousands of attendees who have interests in plastics development and applications of the same in most intermediate and end use markets. We will be presenting during the conference portion and look forward to seeing you there.

Information can be found at: www.4spe.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 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

Plastics compatibilization: A client is developing a suite of plastics compatibilizers with the intent to utilize these materials in recycled plastic mixes that are partially or completely incompatible. The client believes this offers the potential to produce extruded feedstock pellets with improved properties as well as enhancing the efficiency of the recycle process in terms of material segregation and likely energy savings.

Imbedded systems: A client has developed an imbedded reactive processor compatible with Java that integrates many computer languages and is a breakthrough from previous attempts to write multi-language compatible software.

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

"The only function of economic forecasting is to make astrology look respectable" *John Kenneth Galbraith*

"To do for the world more than the world does for you—that is success." *Henry Ford*

"Truth, when not sought after, rarely comes to light." *Oliver Wendell Holmes*

"We need to plan before we act, but we cannot be planning when we need to be acting." *Jack T. Peregrim*

"The best way to destroy your enemy is to make him your friend." *Abraham Lincoln*

"The future belongs to those who believe in the beauty of their dreams." *Eleanor Roosevelt*

"Man cannot discover new oceans unless he has the courage to lose sight of the shore." *Andre Gide*

"Great people are those who make others feel that they, too, can become great." *Mark Twain*

"We make a living by what we get; we make a life by what we give." *Sir Winston Churchill*

"Being defeated is only a temporary condition. Giving up is what makes it permanent." *Marilyn vos Savant*

Interesting Words

Prolix: (pro-LIKS or PRO-liks)   Adjective
Tedious; wordy.

Remora: (REM-uhr-ah)   Noun
1.   Hindrance; drag.
2.   One of a family of fishes.

Inconnu: (in-kuh-NOO)   Noun
A stranger

Clou: (kloo)   Noun
A major point of interest; a central idea.

Lachyymose: (LAK-ruh-mos) Adjective
1.   Tearful.
2.   Relating to or inducing tears.

"Managing Risk"

Background:
We recently started a project for a client who shared their critical path analysis plan to date. Under the page titled 'risks' they had 5 items: competitive responses, application development failures, lack of channel support, and a couple other things. We asked if part of our objective is to get more detail about the risks and quantify

them. We were told, "No, we know enough about the risks; that part of our plan is complete." This was said even though specific market segments, applications, and customers have not yet been confirmed!

Our team reported this in a staff meeting and there was a general confirmation about the lack of focus and understanding of risk in development projects. The reasons seem to be:

- Extraordinary risks will kill a project that has champions pushing it; therefore, more 'general' categories of risks are highlighted without in depth understanding of them.

- It really is close to impossible to predict <u>all</u> possible risks until the future uncovers them.

- There is a psychological belief that an organization will be able to deal with any possible problem and thus the focus in early stages are on the differentiated and positive attributes of a new technology or product.

- There is a lack of a single, solid, and accepted business process that can be applied universally and is required.

Recommendations:
There are many books on identifying and managing risks so we will only highlight aspects of this topic in the very limited space. Our intent is to provide 'food for thought' as you work on both strategic platform and extension projects.

Outlining risk is pretty straightforward and is rarely (in our experience) applied as it should in our plans. In general terms it should entail:

- Objectively <u>identifying</u> all possible risk factors then qualifying the top 10 percent likely to have a potential and meaningful effect. Key words are 'all' and 'likely' which may take more than 15 minutes discussion to do.

- Historical <u>research</u> relative to the development field on the benchmarking factors that are likely to have an effect.

- <u>Quantify</u> the potential risks, which is even harder to do than it sounds; but we need to do it even though 100% certainty will never be achieved. The degree of quantification should be proportionate to the level of investment and the differentiation from present business.

- Identify <u>signposts</u> or signals that will generate alerts in the future that a potential risk is either much reduced or more substantial than previously expected.

Beyond outlining risk there are a few other recommendations that we will offer that are more under the category of lessons learned and management processes. They are:

- Recognize that <u>every</u> project has risks and that the only alternative to risk is to do NOTHING which is unacceptable. Our intent is to do a better job of identifying and **managing** risk, not eliminating it which is impossible!

- Do not extend any timelines and become 'paralyzed' with the process of managing risk. In many instances, the 'time to market' issues have a far greater impact on NPV and extending projects out is worse than over-scrutinizing in our planning.

- Recognize that prudence and balance is what we need to attain. There is a healthy median between diminishing possible risk and being paralyzed by it.

- Use objective processes and resources to fill in the detail in the outline categories shown above. Many times the project or initiative team is too biased toward an outcome and thus not focused on the minefields that may be in the way. Processes such as Voice-of-Market™, Voice of the Customer, competitive intelligence, discovery-based learning, and scenario planning can all be employed with high value.

- Recognize that risk is not limited to any particular stage in your process. It is as meaningful in stage 4 as it is in stage 1 and vice versa. We have found that some organizations hold off and don't do anything meaningful until later stages and others give a lot of attention early and then tend to spend less time later.

As stated above, we hope this brief look at risk has provided food for thought and a stimulation to focus more on the topic. It is one that we find is given much less attention than is healthy in our development planning.

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. Why does menthol feel cool to the taste and cool to the skin?

   Obviously, the temperature of products containing menthol are not any lower than those without. So what accounts for the cooler 'feel'?

   The interior of the mouth contains many thermoreceptors that respond to cooling. They can be compared to the same receptors responsible for other sensations like sweet; salty; or bitter. Individual receptors respond to specific types of stimulation. Menthol feels cool to the taste because it stimulates the thermoreceptors that respond normally to cooling. It 'tricks' those thermoreceptors into responding, causing the brain to receive the message that what is being experienced is "cool".

   While not as easy to stimulate by menthol as those in the mouth, the skin also contains those types of thermoreceptors. This explains why menthol shaving cream or lotion feels cool to the skin.

2. Does the human body increase the number of bones as we grow older?

   The opposite is true! A one year old child has 94 more bones than an adult.

3. What is the main clothing made out of recycled plastic bottles?

   They are spun into fibers to create polar fleece.

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.

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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.

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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