The PARAGON Perspective

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From the President

We hope all of our readers enjoyed a very happy and productive summer!

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 past issues may be easily passed along to colleagues.

This month's editorial is titled *"Value in use—nothing more important."*

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

Paragon Update

Heading into the last Quarter of 2012, we are still busy with projects but it looks like we will fall short of a yearly record. Many clients are budgeting for 2013 with expanded commitments while curtailing as many expenses as possible for the remainder of this year. Although several key clients are doing this, we have new to PARAGON clients engaging us and our process for the first time this Quarter. We anticipate this quarter to be higher revenue than 2011 but not enough to make up for a soft summer.

We added a section two months ago – Alliances and Partnerships – which will continue in this and future newsletters. The organizations highlighted have already had solid results and we wish the same for following editions. The section presents organizations and individuals we have worked with that we can provide first hand recommendations. In many cases we have worked jointly on projects. There are so many to highlight that we wish we had begun this a long time ago. We ask your patience as we will get to everybody over time.

We are also excited about our new logo although we did have a few issues where organizations and individuals had this newsletter and other correspondence flagged because of the new imbedded image. We apologize for any inconvenience but it seems that the problem is on the receiving end where people need to *unflag* our originating address. Step 2 for us will be a redesign of our website which we will do that over the next 3-4 months.

Conferences

iBIO Commercial Development Annual Meeting
SOCMA's First International Forum on Commercializing Global Green
Philadelphia, PA. November 12-14

This conference is focused on looking at bio based products from production to brands. Presentations will be from major producers of biologically derived products and others through the value chain up to major brand companies who will discuss their future objectives in using bio based materials and products. We have been involved in the planning and securing speakers and will be actively supporting this conference on site and hope to see you there. Details can be found at: http://www.socma.com/events/

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, 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

New monomer and copolymerized derivatives: A client has created a new monomer with copolymerized derivatives that have the ability to apply Teflon® type properties without the need for specialized application equipment. Thus, coatings can be applied with conventional techniques such as spraying, spreading, brushing, rolling, et cetera and still have a coating with very low surface friction. They anticipate using this in a wide variety of coatings applications.

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

Quotes of the Month

"Nothing else in the world…not all the armies…is so powerful as an idea whose time has come." *Victor Hugo*

"Success usually comes to those who are too busy to be looking for it." *Henry David Thoreau*

"In times like this it helps to recall that there have always been times like these." *Paul Harvey*

"One meets his destiny often in the road he takes to avoid it." *French Proverb*

"A lie gets halfway around the world before the truth has a chance to get its pants on." *Winston Churchill*

"No man is wise enough by himself." *Plautus*

"Obstacles are those frightful things you see when you take your eyes off your goal." *Henry Ford*

"We are shaped by our thoughts. We become what we think." *Buddha*

"The best remedy for anger is delay." *Brigham Young*

"Genius ain't anything more than elegant common sense." *Josh Billings*

"Prosperity is a great teacher; adversity a greater." *William Hazlitt*

"The fool wonders, the wise man asks." *Benjamin Disraeli*

Interesting Words

Rapporteur: (rap-or-TUHR)   Noun
   1.   Someone appointed by a group or organization to investigate or monitor and issue and compile and present the findings.
   2.   One who is designated to record the deliberations of a meeting.

Lacuna: (luh-KYOO-nuh)   Noun
   An empty space, gap, missing part an opening.

Naff: (naf)   Adjective
   1.   Very unstylish or unsophisticated.
   2.   Useless; of poor quality.

Protean: (pro-TEE-uhn)   Adjective
   1.   Assuming many forms; variable
   2.   Able to handle many different things, as roles in a play. Versatile

"Value in use---nothing more important"

Background:
The projects in the past quarter each had one particular thing in common. Even though they were very different in regard to technology, product, and applications - chemicals, materials, new technology, equipment, and electronics – the common factor was 'value in use'.

We've presented this in slightly different forms in previous newsletters with topics such as value engineering and value propositions. Our focus this time will look more at the mindset needed by organizations attempting to create new value from technology and products.

Old approach:
We use the term old approach very loosely because it pretty much represents present SOP. Let's use a recent example with a new chemistry that had application in several markets and with different functional attributes. The client is a large, global company but many of the markets were beyond their existing customer base, yet they knew they had superior functionality in several ways with direct comparisons to what customers presently used.

The approach taken the past 2 years was basically:

   1.   Generate secondary published and unpublished information that would rationalize an area as a good target.

   2.   Approach one of the customers who is a market leader in their segment and try to determine which chemistry is presently used to deliver the same attributes.

   3.   Ask the customer if they would accept samples to try in use, which would lead to the question about the projected price per pound. When told it likely would be higher than the present chemical the customers would reject the offer and our client would be told there was no interest.

   4.   Our client would then look for distributors in that segment who could represent them even knowing that they were unlikely to make a large effort to promote a new and unknown chemistry.

   5.   Repeat the same methodology in a new market.

There was success in 2 markets where the following was the approach taken:

   1.   Generate secondary published and unpublished information that would rationalize an area as a good target.

2. Approach one of the customers who is a market leader in their segment and try and determine which chemistry is presently used to deliver the same attributes.

3. Use external or in house formulators to show efficacy and present to customers.

4. After negotiations, pricing was reduced to be competitive and customers started to use the new chemistry in increasing volumes as uncertainties were removed.

The previous two methodologies are no doubt familiar to many of you and they are 'time-proven' as best practices in most organizations. (If not best practices, they are at least the most comfortable.) We will even add another factor based on documents we studied at the initiation of the projects. In the commercialized products that made it to market, the calculations about advantages in those reports were based on superior functional performance only with direct comparison to existing chemicals at equivalent pricing.

Process flaws:
The process above was mainly flawed because there was no determination of 'value in use' in either case.

In the project examples we reviewed over 300 PowerPoint pages and other documents. The words "value in use" weren't found any place. There was no effort made at any time to even try and determine it. The question was never asked at any opportunity when interacting with customers and others. In addition, the organizations involved are very successful and highly regarded major companies yet, no effort was made, not even as a secondary line item in their stage gate processes.

What we found in our expert Forums was that the new technologies in all cases had multiple ways in which they lowered cost and created 'value in use'. One of the equipment projects allowed a significant process savings by lowering energy usage, allowing a post-step to be avoided, and minimizing the footprint which removed a major bottleneck that was determined to be the most visible problem the customers had when increasing efficiency and productivity.

Our client only did direct comparisons on their equipment as it functioned compared to the competition. In recent projects with new, uncommercialized technologies we also uncovered very large advantages in value in use that will prioritize commercial efforts where the value is highest as well as allow value pricing based on value received and not 'cost plus'.

Recommendations:

- First and foremost we recommend making value in use a major requirement and determination in our formal processes. Put it before competition because the competition may be different than initially expected once value in use is determined.

- Make sure value is in use in every meeting, discussion, and presentation. Success inevitably comes from what you and your people do (or don't do). It is critical that everyone gives this a high priority and with that will come experience and productivity.

- Become adept at determining value in use and being able to qualify it with meaningful projections at early stages and quantify it in later stages. This will not only make successes out of underperforming new products but it will likely be the difference between a 'nice' product and a 'star', especially when an understanding of value in use leads to both faster growth as well as better margins through pricing.

- Identify and establish the resources needed. There is no need to create a huge new investment internally. In fact, it would be impossible to create what is needed internally that can access and interpret the intelligence needed. A short list of resources needed might be:

  o Testing labs with analysts who know targeted applications and have a broad understanding of targeted customers costs and issues;

  o Consultants and academia who understand the broad range of issues that will determine value in use. (Many times our clients engage experts who are too narrowly focused and look very narrowly at competitive comparisons.)

  o Engage outside organizations that are functionally focused and outside your industry. They may focus on surveys, interviews, focus groups, etc. but they would look objectively at areas in a broad and objective way.

- Generate an extensive checklist of values in each potential targeted opportunity. When issues such as legal, accounting implications, and other things not normally considered are included there should be dozens of items acquired or

required by the customers that your offering will affect. Having an extensive checklist will ensure that things not normally considered may be done. As an example, we rarely encounter the issue of 'design flexibility' as a consideration but the few times that we have, it was a critical success factor and generated large contributions for the client. If we were lulled into a routine where it was not considered worth thinking about, we would miss opportunities. A checklist is important to have even if many items are not applicable on a particular project.

- Lastly we recommend expanding core process competencies to areas such as: discovery based learning, value engineering, and creative problem solving.

Summary:
We have focused on many topics in this space over the years but none that are so neglected and so valuable and important.

In closing:
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 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.

Trivia

What ancient race had a goddess of beer"?

> The Sumerians worshipped Ninkasi who was their goddess of beer.

How much of a tomato is water?

> 95%

What are baby bunnies called?

> Kits.

Alliances and Partnerships

The number of organizations that we have worked with and collaborated with is too numerous to mention but we wanted to add this section to highlight organizations we are comfortable endorsing to our wide body of readers. We will add a new organization each month and listing those from previous months with a few words about their focus and contact information.

This Month:

XLR8 Business Solutions
Krishna K Rao. Phone: (281) 298-6622 or (281) 795-4600 KrishnaKRao@GMail.Com

XLR8 has a focus in the petrochemical industry although they have taken assignments beyond that. We have found that they have a very high degree of competence in attaining and interpreting business, market, and technology/product intelligence. We have employed them looking at many vertical applications in petrochemicals that ranged from exploration, refining, downstream processes, and end products. Also, they have generated reports focused on India, China, and Taiwan. We would recommend them for anyone needing high quality and comprehensive understanding of any issue or area in petrochemicals.

Previous months:

Chemical Search International – global offices
North American Office – Philadelphia, PA: Ronald Thompson
Phone: (267) 386-4920 / E-Mail: RNT@ChemicalSearch.CO.UK / Website: WWW.ChemicalSearch.CO.UK

Chemical Search International specializes on Executive Search primarily in the chemicals and materials industries. They have a proven ability to find and place candidates that are difficult to both locate and deliver. We have worked with them directly over the past few years and with high respect and success.

NFB Consultants, Pleasanton, California
Alex Merolli, Principal / Ph: (925) 462-7428 / E-Mail: AM@NFBConsultants.com

NFB is an acronym for Food—Nutritional—Business. We have worked with Alex numerous times with a high value delivered for the clients jointly and with knowledge of what NFB delivered independently. Its focus is on strategy and business development within the food and nutritional area and with outside, new suppliers to succeed in getting into these areas.

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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