

The PARAGON Perspective

From the President

PARAGON Perspective is sponsored by PARAGON Development, an international consulting organization specializing in new value creation for corporations. This is accomplished through new business development and optimized planning in addition to corporate venturing. The purpose of this newsletter is to update, educate, stimulate, and enlighten our friends and business colleagues on many topics involving new business development as well as the world at large as it may affect our businesses and/or our professional interests. 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. 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 we encourage you to contribute to future newsletters.

This month's newsletter will highlight our opinion on the business development topic: **"Achieving Results while Changing Personnel"**. We will also do a book review on the latest Tom Peters book: "Re-Imagine!" Subtitled: Business Excellence in a Disruptive Age.

Jack Peregrim
Pres., PARAGON Development

Paragon Update

The PARAGON Perspective is now in its third year, and we would like to thank everyone for their contributions, ideas, and suggestions. Your input has made it easier for us to produce, as well as delivering recognized improvements. For example, our essay this month on personnel change is a request from a reader. This marks the third month in a row we have responded to a reader requested topic.

Two new projects started in the past month, with the nature of our client's requests and objectives signaling the beginning of a growth economy. Hopefully the recovery will be quick and sustained.

We have attended several conferences and trade shows including Informex, which targets users/producers of fine chemicals and pharmaceutical intermediates; and the Licensing Executive Society (LES) annual meeting. We have accepted several invitations for speaking engagements and participation in events in 2004 and will pass along dates of those events as well as others that we believe valuable to our audience.

If you know of a conference or trade show that should be highlighted in this newsletter please send us an e-mail describing the event, the event program, and the "take-aways" a participant will receive.

CDMA—Spring Meeting March 15-17, 2004

CDMA (Commercial Development & Marketing Association) is an organization of over 600 professionals and executives representing leading companies E.g. Dupont, Dow, Proctor & Gamble, BP, BASF etc. Membership

also includes representatives from government agencies, universities, as well as other professional associations.

CDMA develops and presents programs that focus on new business development. Members typically have responsibility for P&L Management; R&D; Marketing/Sales; M&A; and Commercial Development. Value received from attending a CDMA meeting is twofold.

1. Education focused on best practices in business development from a functional perspective as well as programs highlighting targeted industries and markets.
2. Networking opportunities with others who are responsible for technology transfer in and out of their organizations or who might represent potential alliances or partnerships.

The Spring Meeting will have presentations and/or panel participation, as well as workshops by CEO's or Senior Executives. To date there has been confirmation from Dow, Air Products, WR Grace, Cambrex, Infinium, and JM Huber

The meeting will be in Philadelphia, which has many hotel options under \$150 per night. The fees are \$700-800 depending on member status. Additional information and registration can be found at: www.cdmaonline.org.

Paragon has attended as well as participated in CDMA events for many years, and have always felt that the time and money spent is worthwhile.

Technology Transfer

This section is open for clients, friends, and other newsletter recipients to spotlight technologies they have available for licensing, acquisition, or development. 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 is for non-client project technologies that we will highlight.

This newsletter has a distribution of several thousand individuals who are primarily in new business development, so the audience is one that has the potential to generate legitimate interest. We only reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

Quotes of the Month

"Genius is the ability to put into effect what is in your mind." *F. Scott Fitzgerald*

"Analysis kills spontaneity. The grain once ground into flour germinates no more." *Henri Amiel*

"Our greatest glory is not in never falling, but in rising every time we fall." *Confucius*

"To command is to serve, nothing more and nothing less". *Andre Malraux*

"The only mistake is the one from which we learn nothing." *John Powell*

"Look to the **essence** of a thing, whether it be a point of doctrine, of practice, or of interpretation" *Marcus Aurelius 2nd Century AD*

"HUH?"

"If the world were perfect, it wouldn't be." *Yogi Berra*

"Only one thing would be worse than the status quo. And that would be for the status quo to become the norm." *Elizabeth Dole*

"640K ought to be enough for anybody." *Bill Gates*

New Technologies

Proteins that control ice crystallization

We are presently working with a client who has developed plant derived non-glycosilated proteins that control the process of ice crystallization, especially the size and shape. They are a large well established biotechnology company that has made considerable advancements in agricultural biotech.

This particular protein has the following properties:

- It reduces damage to living cells in cryogenic preservation
- It contributes to frost tolerance in plants.
- It allows rapid drying of low temperature water based solutions.
- It changes solutions to gels at some temperatures.
- It can affect texture in low temperature applications.

This technology could benefit medical, food, and industrial applications. They are interested in licensing this capability along with their supporting applications development work. For further information you can contact Jack Peregrim: Peregrim@paragondevelopment.com

Web site additions

We have updated our web-site, but will continue to add to our alliances and partnerships page, which provides sourcing to our clients on services that they may be seeking in specialized functional or industry areas. 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.

Achieving Results While Changing Personnel

Case study:

About 18 months ago we were working with a client to commercialize a new technology -- a pharmaceutical excipient having potential as an enabler for new delivery systems. Two Voice-of-Market™ Forums (that engaged 15 industry leaders) and follow-up Discovery Based™ research (involving dozens of other industry leaders) all confirmed the considerable value and potential. One consistent piece of advice from all of those interviewed and questioned was that the client needed to move quickly in the market, as others were also developing their own pathways, and, there would be a huge advantage to being first in the marketplace.

They were in a position to go forward, as they are a large chemical company having business units dedicated to food, pharma, and nutritionals. The economic situation in 2002 and 2003 led to a mandate by upper management to curtail spending and reduce personnel, with most reductions in areas without immediate impact (development, planning, intellectual property, etc).

The CEO asked that all patent filings and “non-essential” spending be postponed for 6 months; and the project was placed on hold. (Sound familiar?) Personnel responsible for the technology break-through were reassigned, and the key person involved took early retirement. The patent attorney and business unit manager also departed to pursue other opportunities.

As a result, little progress was made on the project in 14 months for various reasons. (No sponsor or champion to continue interest; others who were involved not doing anything to jump-start it again.) Very simply, they had their plates full with new projects and felt they had to “wait” for the new management to “review” the project and make a decision on the next step in commercialization.

Needless to say, during this period a competitor announced their own solution, filed patents, and completed independent testing. The competitor is now 18-20 months ahead of all others in the field. The company now has concerns over patent conflicts, and, is trying to determine who is to blame for missing the opportunity. If the typical “business model” is followed the blame will go to those employees who left during the “recession”, consultants hired to assist them, or the lowest level employees still at the company.

The example is by no means an anomaly. I am sure that you have either experienced this scenario first hand, or know someone who has. Our thoughts on this scenario are:

Real opportunities are precious, yet there is a tendency to lose, delay, or diminish solid opportunities during personnel changes particularly at the senior management level. (Even with stage-gate and six-sigma processes).

In order to avoid counter-productive activities and loss of future opportunities a two-pronged approach is needed. You need to consider the following:

- The management perspective when they are the new hire, or, when the key people reporting to them have changed.
- The plight of project or planning personnel who must deal with new management unfamiliar with the project.

First we will look at the senior management perspective. There are legitimate reasons for new managers to slow down activities that were started before they took over. The most common is: that the overall business is financially unstable; their management mandates shelving a project; or when they have a completely different vision for the business that will require major new strategies and tactics.

We recommend the following to managers who find themselves in new positions and have inherited development initiatives and established strategic plans:

- Do not make major changes until you are convinced they are warranted! The project was a result of processes involving many employee contributions having sound rationales behind it. Look first to salvage projects and plans and make changes that IMPROVE and not destroy.
- Take a portfolio approach involving those people who report to you. Thus, if you must curtail activities, you will receive buy-in from those whose support you need. For example, if you have 7 R&D projects and can only fund 4, try a compromise that would allow 2 to go forward on full funding, with 4 projects on half or limited funding, killing or putting on hold only one project. You could also designate one or two projects for increases with others at half funding. You may see quicker returns on new things “under your watch” while also reducing overall investment.
- Make an honest effort to keep projects alive even if the personnel changes are to those who reported to you on the project. Determine which projects can be kept active, engage consultants or others who will continue to move the project forward and provide continuity prior to new personnel being formally assigned. It is easier for a patient to recover (and less costly) if they don’t actually die first!
- Remember your responsibility to the company for managing all assets, not just those that are new commitments. Your company in all likelihood invested serious money developing project you have inherited, and the most conscientious thing to do is to consider how to deliver a return on those assets. Again, that doesn’t mean carte blanche acceptance of everything but it is statistically better to err on the side of improving things than starting all over again.

Project/planning personnel often have a differing view of how to manage business interruptions. For those we offer the following advice:

- Consider our previous recommendations to upper management and work with them. Send the message that you want to ensure that productivity isn’t diminished in any “transition”.
- Keep charging forward! Don’t fall into the trap of observing and waiting for signals that will tell you which way “the wind is blowing”. Changes are opportunities! Look at this as a chance to show your own potential. If your co-workers go into a slow down mode and you don’t, how do you think that is likely to look to your new management?
- Increase communication! This is a time where you need to communicate clearly and often. If you are involved in an activity, deliver clear messages that you have changed your criteria but not your commitments. You may get lesser funding, but you should still do all that you can to deliver success to the Company and the new management team. Communication has the ability to build trust – are you delivering a message in a way that builds trust?
- If you are convinced that the project is truly lucrative you should first try first to salvage the program; your next step would be to look for a compromise; then, failing in those attempts accept the decisions of new management. A very wise executive once shared with us that the single biggest reason top managers lost their jobs was because they did not know when to move from arguing prior to decisions into a supportive position once the decision is made. Give it your best if arguing while options are considered, but, once the final decision is made you need to communicate that you will now do everything you can to support it. You will never regret handling things that way.

The opinions above are not meant to address every possible situation but are simply attempts to pass along advice based on our staff's collective experience.

As always, we encourage feedback in any media and would like to offer this newsletter as a posting for your comments. Let us know what you would like to see in the newsletter; we can't respond without input from you our readers!

Business & Other Factoids

Good Money

The first American to make \$100million in a year was Al Capone.

Stock Exchange

The slowest day in the history of the New York Stock Exchange was on March 31, 1830. Only 31 shares were traded that day.

The first U.S. President to visit the NYSE was Ronald Reagan on March 28, 1985.

The first stock exchange was in Philadelphia.

First Billionaire

The first billionaire was Henry Ford.

First Billion in Profit

The first Company to earn \$1 billion in earnings in a year was General Motors.

Waited awhile

In 1956 the Ford Motor Company went public.

Names

Do you know the official name of the Earth's only natural satellite? Is it Moon? The moon? Other planets have moons, yet they all seem to have names. How do we distinguish our moon from any other?

As it turns out, the proper name of the earth's natural satellite is "the Moon" and therefore should be capitalized. The 60 (approximately) natural satellites of the other planets are referred to as "moons", in lower case, since they have all been given a proper name. Jupiter, for example, has 16 moons (Jovian moons) and these are further divided into categories. The most popular Jovian moons are the four Galilean moons called Io, Europa, Callisto, and Ganymede. The Moon's Latin name, Luna, has been used in poetry and science fiction but has never caught on among scientists or the lay public. Essentially, names are used to distinguish one thing from another. Since the Earth has only one moon, there is nothing to distinguish it from and so it's official name remains "the Moon".

"Re-Imagine- Business Excellence in a Disruptive Age" **By Tom Peters**

At first glance, this book was difficult to read and review. It is primarily anecdotal and written in a style that is all over the place and therefore hard to follow!

In reflection (and after two readings) this writing style is it's real strength and value. The book is all about change and the need to destroy what our businesses are in order to survive! It attempts to make us believers with a combination of facts and viewpoints that are very easy to understand. There are multiple examples on each page that attest to the need to make changes and, to use the author's own words, "To destroy yourself before others do it for you".

There are many specific actions and strategies listed that an organization should employ in order to facilitate this change. However, they are buried in a very busy content and style that we are not used to. Tom Peters has forced readers to look past their paradigms on how a business book should be written, and used an extreme style to show that he himself has broken his mold on how a book should be presented. At second glance, it

becomes much easier to read and entices the reader to concentrate on every example and to interpret the impact on our own unique situations.

If you decide to read *Re-Imagine – Business Excellence in a Disruptive Age* make sure you review the reading guide at the beginning of the book. This will help transition into a unique book with illuminating content that is displayed in a format that appears initially very chaotic. We found it easier to read a chapter, wait several days, and either reread the chapter or go on to the next one.

A book dedicated to offering business advice excels when it combines topical information with supporting analogies, and specific actions and strategies that should be employed. This book has both.

You will either love or hate this book. We loved it and felt it was one of the better business books in the past few years, and the best from Tom Peters in a decade. Two thumbs up.

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 www.paragondevelopment.com/resources.html.

Your friends at:

PARAGON Development
WWW.paragondevelopment.com