

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. 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 fourth year. We thank everyone for their newsletter contributions and for the ideas and suggestions that have made it easier for us to produce in addition to bringing recognized improvements.

This month's newsletter will highlight our opinion on the business development topic: **"Managing the Unknown"**

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Paragon Update

We have made changes to our newsletter in 2005. The adjustments are minor and there will be changes throughout the year as recommendations and contributions from readers are incorporated into future editions. We have resisted adding 'marketing' oriented information about PARAGON but have done so at the end of the newsletter based on the number of requests. Thus, only those people who are interested need to review that information.

So far in 2005 we are seeing many new assignments with a focus on developing new business at the project level. This is probably indicative of our clients' commitments for growth through internal innovation and product extensions.

CDMA-EF Industrial Market Research Course August 8-11, 2005

Although it is 6 months away, we are promoting this upcoming course as an excellent way to learn about managing and doing market research, and enrollment is limited to about 30 attendees.

The course is sponsored and presented by the CDMA-EF (Commercial Development and Marketing-Educational Foundation), which is comprised of hundreds of members responsible for new business development and planning in basic industries such as chemicals, materials, and plastics. Experienced members created this course and now teach it with 10-15 participating as presenters and members over the several days the course is held. We highly recommend this course for anyone in (or managing) market research. It is particularly valuable to people with technical or engineering backgrounds who are moving into commercial positions.

For additional information about the program and to register for it contact:

Jack Peregrim at Peregrim@ParagonDevelopment.Com or (203) 288-4154

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 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 do reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

If you have any interest, please contact Jack Peregrim at:

(203) 288-4154 or Peregrim@ParagonDevelopment.Com

Quotes of the Month

“I am a great believer in luck, and I find that the harder I work, the more I have of it.” *Thomas Jefferson*

“What lies behind us and what lies before us are tiny matters compared to what lies within us.” *Ralph Waldo Emerson*

“The problems that exist in the world today cannot be solved by the level of thinking that created them.” *Albert Einstein*

“Creativity is allowing yourself to make mistakes. Art is knowing which ones to keep.” *Scott Adams*

“Only a fool tests the depth of the water with both feet.” *African proverb*

“If you buy cheap meat, when it boils you smell what you have saved.” *Arabian proverb*

“Help others get ahead. You will always stand taller with someone else on your shoulders.” *Bob Moawad*

“Wines are like people. Some are perfect but boring, some are precocious but fail to live up to their promise, and some may be flawed, but the way they may develop is endlessly fascinating.” *Michael Broadbent*

“If you are not big enough to lose, then you aren't big enough to win.” *Walter Reuther*

“Do not ask for fulfillment in all your life, but for patience to accept frustration. Do not ask for perfect in all you do, but for the wisdom not to repeat mistakes.” *Brenda Short*

Failure

- “Don't think of it as failure. Think of it as time released success.” *Robert Orben*
 - “Only those who dare to fail greatly can ever achieve greatly.” *John F Kennedy*
-

New Technologies Being Sought

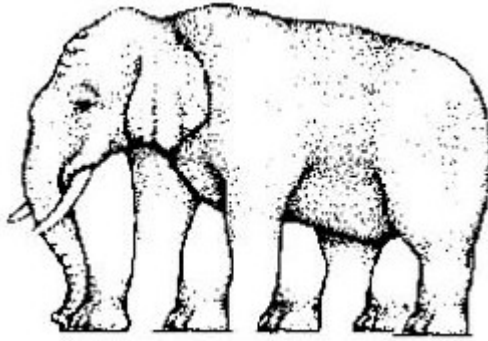
Products/Technologies

A client is looking to license or develop via collaborative agreements new additives for coatings. They are primarily interested in high value, specialty additives that improve functionality in a wide range of niche applications. They are a major producer of coatings and have extensive capabilities to extend applications beyond initial niches.

If anyone has technology or products of interest, please contact us and we will arrange a presentation or communication with the respective clients. You can contact:

Jack Peregrim at Peregrim@ParagonDevelopment.com or (203) 288-4154

How mamny legs does this elephant have?



Web Site Additions

We have updated our web-site recently 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. 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

Hegira: (hi-JI-re) Noun

A journey undertaken to escape danger or to enjoy a more congenial place.

Afflatus: (e-FLAY-tes) Noun

1. Inspiration
2. Divine impulse

Sciolist: (SI-e-list) Noun

A superficial pretender to knowledge

Meretricious: (mer-i-TRISH-es)) Adjective

Showily attractive but cheap or insincere; tawdry.

New Words: The following were sent in by a reader (Much thanks!)

Awfulize: To imagine something as bad as it can be. Worst case scenarios.

Deskfast: Breakfast eaten in the office at a desk.

Ego surf: To search on-line for references to yourself.

Elvis year: The year that a product maxes in popularity and sales.

Icarus effect: The expected outcomes from people who take on a project that is overambitious.

Idea hamster: Someone who appears to have an endless supply of new ideas.

Job vacuum: Someone who never says "no" to a new job or to adding a project to their responsibilities.

Salmon day: A day spent making a great deal of effort to achieve something but getting nowhere.

Spim: Spam via instant message.

Stress Puppy: Someone who complains a lot and seems to enjoy being stressed.

Managing the Unknown

How many of us could have predicted the world today based on where we were just 4 years ago? The overwhelming majority of us have been inexorably affected by the changes to our businesses; society; politics; travel; and security. And, we are still doing a very poor job of learning from the surprises we have faced and of incorporating options into our strategic and business planning.

There are many reasons why we do not give this the attention it deserves:

- The 'herd mentality' that until all businesses use serious scenario planning. Then we aren't at fault for not doing it.
- The fact that most businesses are great 'reactors', and it is that skill we rely upon to be able to cope with anything that may happen.
- It is impossible to quantify scenario plans and thus the 'analytics' among us dismiss it as valueless.
- It can be a very complex process and one that is not inexpensive in many cases where a wide number of scenarios need to be explored following an initial phase.
- We believe that we are "all in the same boat" and will therefore face the same situations and so no one can gain a competitive advantage.

Addressing the last item first, we strongly believe that this belief will be the most damaging one to an organization over time. We see a considerable increase in scenario planning with an ever-growing competency in skills and processes that will enable competitive advantage to be achieved, particularly in industries in which the majority doesn't engage in any significant scenario planning. In those industries, such as chemicals, plastics, basic metals, paper, and most service industries, the leaders in scenario planning will have a considerable advantage in positioning themselves to optimize long term value capture.

These organizations will be able to borrow or curtail borrowing on more favorable terms (over time) than their competition. They will invest more productively in capital projects and in personnel commitments. They will meet market 'windows' with maximum impact with new products and services and they will have a large edge in acquisitions and divestments by the age-old success factor of "buying low and selling high".

The Process:

Scenario planning consists of many phases and there is no single series of steps and activities that are optimal for an organization. Much like new product processes that have anywhere from 3 to 8 stages, scenario planning has many 'potential' stages based on: outcomes of each, commitment by the organization (money and time budgeted), and the risk/reward determination of the various scenarios (very low percentage of scenarios occurring or very low impact if they do).

We view the following as the stages in scenario planning. There is the potential for several to be combined depending on the organization's requirements and resources.

1. **Setting up the process.** This may be the most critical stage and it is sometimes so obvious that it is not even addressed. (Particularly in organizations that have used scenario planning in the past). Basically, the initial stage is to set up the process and outline the stages and gates. A very important component is the clear mission and a statement of value to the organization that is both the positive for doing it and the potential losses if not accomplished. Benchmarking is critical with examples of organizations whom advantaged situations because of their positioning and examples of those who were adversely affected. Lastly, it is at this stage that overall, adequate budgeting of resources needs to occur. If it doesn't occur here, it will most likely never happen—regardless of the potential impact that discovered scenarios may have.
2. **Internal review.** As Socrates said: "Know thyself". The first step after setting up the process is to evaluate the business by identifying and understanding the fundamentals of competition of the business and the most likely **known** potential trends and factor that would have a large affect on the business. This should be done for each succinct business within the organization as the scenarios may be radically different by market served or by the type of competition in each segment. S.W.O.T. or Porter's Five Forces are good tools to start with. An external resource is usually very productive as well to ensure against internal politics and bias.
3. **Rate internal scenario options and set first gate.** The next step is to document the potential scenarios that must be explored based on known factors such as highly impactful trends and changes and particularly those that have a wide range of potential occurrences. (Macroeconomics is one good example.) Take a multifunctional approach to getting information about each and typical research including: market intelligence; competitive intelligence; industry, technology, economic/financial, and even regulatory intelligence. (Note that we use the word intelligence, which is not the same as information). After gathering this initial intelligence, give each two ratings: one for the potential impact

each would have on competitive advantage and another for the likelihood of occurrence or uncertainty of precluding it from occurring.

4. **Out of the box scenarios.** The next phase is one that is most likely to be ignored and it is the one that has the highest potential for large successes or failures. It is the discovery and understanding of potential scenarios that we are not even considering. (Unknown, unknown) These are the scenarios that can only be identified and explored by contributors outside the organization. These involve disruptive technologies and totally new market entrants. They may involve government actions (taxes, tariffs, monetary policies, or changes in the political environment) as just one of many factors that generally are not thoroughly explored. A very positive and valuable output is likely to be opportunities that are overlooked and not just problems that need to be managed. Yet, the scenarios cannot be biased to look for opportunities. They need to focus on *situations* that will have large potential effects whether positive or negative.
5. **Determine early indicators and ‘trip wires’.** Now that scenarios have been identified and intelligence processed; it is time to set up processes based on various scenarios occurring. Once the scenarios are understood, plans can be created and held (with regular reviews). The most important factor at this juncture is to ensure that the organization will maximize value from the process and that can only come from executing the best plans **at the right time**. Remember, we will know at this time what scenarios *may* occur and which we should be prepared for. But we do not want to be ‘chicken little’ and prognosticate which events will occur until we are sure that we are right. The best way to handle this dilemma is to determine early warning signals in each scenario that will serve as trip wires to alert us to activate at least a closer watch on situations or even to begin the first stages of plan execution. (This is a major modus operandi of intelligence agencies)
6. **Set up ongoing oversight and regular reviews.** The process won’t work without consistent oversight and review. This is not a **project** in which people are assigned, and then go back to other assignments. A core group (or at least one person) needs to be dedicated to this as their primary, or only responsibility. Also, incorporate the most applicable aspects into each individual S.B.U.’s business plans, otherwise who can make the adjustments (and updates) needed in an ever-changing world, which is the primary driver behind the entire effort! And, who will be ‘watching the monitors’ and ensure that the organization responds properly to situations as they develop.

Critical Success Factors:

There are several success factors mentioned above which we want to highlight in conclusion:

- The entire process needs up-front commitment from management in terms of budgeting, personnel, and embracing the outcomes.
- The process is very comprehensive and ‘skipping’ a few steps to save resources could negate the work that is done. An example is reducing the step to look for unknowns because “we know everything about our business and it isn’t likely to produce anything meaningful”. It just may be the ‘unknowns’ that provide the greatest competitive advantage as your organization is the only one incorporating it into their planning.
- Have continuous and dedicated personnel budgeted and in place long term.

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 reader’s 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.

Business & Other Anecdotes

Exaggeration?

In a discussion on manpower and resources in the Civil War someone once asked Abraham Lincoln how many men the Confederates had in the field. To which he shocked everyone in attendance by responding “Twelve hundred thousand”. Someone pointed out that that had to be impossible as it was more than the population in total. But Lincoln said it was all too true.

When asked where he received his figures he responded that they came from those who know best, which were his battlefield commanders who actually saw the enemy. He said: "No doubt about it—twelve hundred thousand. You see, all of our generals, every time they get whipped, they tell me that the enemy outnumbered them at least three to one, and I must believe them. We have four hundred thousand men in the field, and three times four equals twelve. Twelve hundred thousand men, no doubt about it".

Thank you!

Charlemagne was one of the most influential men in history but few know that he also gave us white wine. According to tradition, Charlemagne had a problem with red wines staining his white beard so his wife influenced him to do something about it. To which he instructed his overseers to plant white grapes that could produce wines that met his wife's concerns. (Corton-Charlemagne)

Ambition

When Daniel Webster was younger, and acquaintance told him to avoid the legal profession as it was already overcrowded and posed formidable obstacles to a man without either money or family connections to help him. To which Webster replied: "I am not a bit worried, there is always room at the top".

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 unequalled effort and efficiency.

Background:

PARAGON has over a dozen employees and affiliated industry partners who are dedicated to helping clients optimize their planning and development efforts. We bring over 40,000 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 and 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 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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