

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 we encourage you to contribute to future newsletters. The PARAGON Perspective is now in its fourth year and we thank everyone for their contributions to it and to the ideas and suggestions that have made it easier for us to produce it, in addition to bringing recognized improvements. We have received several suggestions that will be added at least temporarily with this edition. One is to add a pictograph that may challenge your perspective.

This month's newsletter will highlight our opinion on the business development topic: "**Strategy Conflicts—Focus or Future?**"

Jack Peregrin
Pres., PARAGON Development

Paragon Update

We have made changes to our newsletter with this first edition in 2005. The adjustments will be minor but it was time for a 'different look'. We also 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.

We are very much looking forward to 2005 with an all time high in projects already scheduled and projected.

Informex January 16-20, 2005 in Las Vegas, NV.

INFORMEX is a tradeshow Sponsored by SOCMA (Society of Organic Chemical Manufacturers Association) that focuses on fine chemicals that are key ingredients in pharmaceuticals, agricultural chemicals, food, and nutritionals among other industries. The show is always well attended with over 4,000 typical of the turnout and it is the event each year in its field.

Representatives from PARAGON will be attending and we would welcome the opportunity to meet with anyone who will also be at the event.

Additional information and program can be viewed at: <http://www.Informex.com>

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

“They do all, because they think they can.” *Virgil*

“The best way to destroy an enemy is to make him a friend.” *Abraham Lincoln*

“You may have to fight a battle more than once to win it.” *Margaret Thatcher*

“Between two evils, choose none. Between two goods, choose both.” *Tyron Edwards*

“Failure is more frequently from want of energy than want of capital.” *Daniel Webster*

“Rules are for the obedience of fools and the guidance of wise men.” *Douglas Bader*

“We are what we repeatedly do. Excellence, then, is not an act, but a habit.” *Aristotle*

‘Courage and Cowards’

“It is when you run away that you’re most likely to stumble” *Casey Robinson*

“Courage is being scared to death and saddling up anyway.” *John Wayne*

“Courage is the art of being the only one who knows you are scared to death.” *Earl Wilson*

“You can’t test courage cautiously.” *Annie Dillard*

New Technologies Being Sought

Products/Technologies

A client is looking to license or develop via collaborative agreements new processes (including catalysts) that can produce pharmaceutical intermediates for a large contract manufacturer to the pharmaceutical industry.

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

Do you see the baby?



Web Site Additions

We have updated our website 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 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

Obloquy: (OB-le-kwee) Noun

Verbal censure or abuse; distraction.

Discredit, disgrace, or bad reputation as a result of being spoken about.

Commination: (Kom-e-NAY-shen) Adjective

A threat of vengeance, especially divine vengeance.

Scarify: (SKAR-e-fi) Verb

Make merciless criticisms of a person.

Make cuts in skin.

Make marks in garden soil.

Abnegate: (AB-ni-gayt) Verb

Renounce, relinquish, surrender, or deny oneself a right, convenience, or pleasure.

Strategy Conflicts—Focus or Future?

The Dilemma:

Our topic of discussion this month is very aptly described as a dilemma. We have no clear recommendations or opinions and we are not sure that any exist. The topic was suggested by a client; and our intention is to stimulate debate and hopefully receive insights from our readers that can be passed along in subsequent newsletters.

We recently began a project in support of assisting this client's in updating their strategic plan for one of their major business divisions. The first version of their new strategic plan had growth projections of between 5- and 8- percent yearly over the next few years, mainly based on geographic expansion from the present base. The dilemma they face is that while corporate expects each business division to grow over 10 percent per year, they are also against any expansion beyond current platforms as it reduces focus on the present business. They want Wall Street to know they have focus, as a few recent years have been poor; and the new CEO came in to give them focus, so they will not deviate from that. To top off the difficulty of their situation, they have the best profitability of four divisions in the company and their returns are almost equal to all others combined. Their situation is:

- They can't meet growth expectations by expansion in their core markets.
- They are too important a business to divest.
- They can't get corporate support for new platforms.

The Process:

As their options are diametrically opposed to each other; the first determination is which scenarios can be 'compromised' in support of the others. We have determined that our approach will entail the following steps:

1. Gather all supporting information and both qualify and quantify that the projections for growth (while continuing the same level of profitability) are unlikely, thus providing management with confirmation strong enough to support new strategy.

2. Establish criteria that can prioritize various strategic options, particularly in view of the other expected potential in the other divisions.
3. Engage in scenario planning to identify and expand on the potential options to meet growth objectives. Look at moving downstream with new channels. Explore complementary but different products and technologies for the same markets. Look at 'bolt-on' acquisitions. Look at extensions for technology in new markets with alternative value capture mechanisms such as licensing and partnering.
4. Get corporate approval for one of the above as the best primary option and recommit to the business with a broader vision.

Critical Success Factors:

There are two success factors that are most critical:

- The obvious one is getting top management support for a change in strategy.
- The second one is the compelling proof supporting that change.

The two success factors are similar to the 'chicken and egg' metaphor. If management isn't at least open to considering a strategy change then they won't support the effort to explore new options. Yet, they need very compelling information to 'back-off' their stated mission. We recommend taking a staged approach to the effort, which is why we outlined the general process steps above. And, each step should follow stage-gate mechanics with management approving the results and recommendations from each step and then providing clear requirements that need to be covered in the subsequent efforts.

Several purposes are served with this staged approach. It is taking a deliberative approach to the issue and involving management in the process. It also allows for necessary the time for changing strategy, particularly since the client isn't faced with immediate problems in their business. The changes are required to ensure long-term success and not short-term returns. Also, new resources will be required and the business in question has been contributing its profits to the corporation without requiring any substantial new investment. This has a corporate affect that will impact all the divisions, not just the one we are working with.

It is our intention to review the outcome of this effort and revisit it in December 2005 or January 2006 with a "lessons learned" from the project. We hope that your comments and contributions will help our client and us.

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 presume to be the leaders in all the 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 will also 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 would like covered.

Business & Other Anecdotes

Two viewpoints

According to Sigmund Freud, cigar smoking is considered a symbolic activity; frequently interpreted as a phallic symbol or emblem of masculinity. Freud himself was an inveterate cigar smoker. A curious student once raised the issue in class as to whether his cigar smoking carried any particular symbolic weight in his case. He was, in fact smoking during that class and he just puffed and answered: "Sometimes a cigar is just a cigar."

All bad

Mrs. Horace Greeley met a lady friend on the street one day and her friend remarked about her kid gloves saying they were "Skin of a beast!". Mrs. Greeley then asked what fabric her friend's gloves were made from; and she replied proudly that they were silk, to which Mrs. Greeley made a face and exclaimed: "Entrails of a worm!"

You did WHAT?

Franklin Roosevelt mentioned to an aide that he found the polite small talk at the White House somewhat tedious. He mentioned that those present on such occasions rarely even listened to what was said and were only interested in being seen there. To illustrate the point, he met several people and said: "I murdered my grandmother this morning". In each case there was only a nod of polite approval. After a few cases he did come upon an attentive listener who, upon hearing his remark replied diplomatically: "I'm sure she had it coming to her".

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.

If you no longer wish to receive The Paragon Perspective please respond to this email and include the word REMOVE in the subject line or in the message.