

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, 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 brought recognized improvements and made it easier for us to produce.

This month's newsletter will highlight our opinion on the business development topic: "**Critical Success Factors—Beyond the Obvious**"

In addition, we have a very personal request in behalf of someone in our extended PARAGON family.

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

Paragon Update

We have made changes to our newsletter in 2005 and will continue to do so throughout the year as we incorporate recommendations and contributions from readers 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.

We are starting projects for major corporations focusing on helping develop strategies for their major business units.

Chemical Heritage Foundation Heritage Day 2005 June 9, 2005

CHF (Chemical Heritage Foundation) is the leading organization in the chemicals industry in keeping a history of the industry and preserving its heritage in records, awards, and even the arts as they pertain to the Chemical Industry.

Each year they have a large event that attracts hundreds of people in the industry and others who are interested in the chemical industry to Philadelphia (PA) for a day of awards and networking. Included in the awards is the prestigious Othmer Gold Medal, the Winthrop-Sears Award, and the CDMA Award for Executive Excellence. The people being honored for the above are: Jim Watson, Herbert Boyer (Co-Founder Genentech), and Thomas Connelly, JR (Dupont) respectively. There are other awards offered as well.

We have found that this is an excellent event in the past and well worth the investment in time and fees. Information can be found at: WWW.ChemHeritage.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 several 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.

No new technologies have been submitted this month prior to going to press.

Technologies Being Sought

We have a client who is searching for new technologies and products with large appeal in dental applications. This could target either the Professional or Consumer Market.

The client is a very large global company with a considerable existing business and is looking to add a new platform to their existing product lines.

If you have, or know of, any potential technologies or products for this client, please contact:
Jack Peregrim @ (203) 288-4154 or Peregrim@PARAGONDevelopment.Com

Quotes of the Month

“Don’t worry about people stealing an idea. If it’s original, you will have to jam it down their throats”. *Howard Aiken*

“What happens is not as important as how you react to it.”. *Thaddeus Golas*

“Conditions are never just right. People who delay action until all factors are favorable do nothing”. *William Feather*

“You can become a winner only if you are willing to walk over the edge” *Damon Runyun*

“I not only use all the brains that I have, but all that I can borrow”. *Woodrow Wilson*

“It’s never too late to be who you might have been” *George Eliot*

“Character is doing what’s right, when nobody is looking.” *J.C.Watts*

“Success isn’t permanent and failure isn’t fatal.” *Mike Ditka*

“We cannot direct the wind, but we can adjust the sails.” *Bertha Calloway*

“The truth is there is nothing noble in being superior to someone else. The only real nobility is in being superior to your former self.” *Whitney Younga*

“Only the mediocre are always at their best.” *Jean Giraudoux*

“Minds are like parachutes—They only function when they are open.” *Thomas Deway*

Personal Request for Information

Duchennes M.D. (Muscular Dystrophy)

A grandchild of one of our PARAGON family has this debilitating disease and we ask all our readers for help.

If anyone knows about new programs or trials we would very much appreciate hearing from you. Several thousand people receive this newsletter and many are in the medical and/or pharmaceutical industries so we hope that there may be something for us to consider or investigate that hasn’t been obvious to date.

A small boy and his family would be very grateful

If anyone has something of interest, please contact us at:

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

Look at the chart and say the COLOUR not the word

YELLOW BLUE ORANGE
BLACK RED GREEN
PURPLE YELLOW RED
ORANGE GREEN BLACK
BLUE RED PURPLE
GREEN BLUE ORANGE

Left – Right Conflict
Your right brain tries to say the colour but
your left brain insists on reading the word.

Web Site Additions

We have recently updated our web-site but will continue to add to our alliances and partnerships page. It provides sourcing to our clients on services 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

Fatidic: (fay-TID-ik) Adjective

1. Prophetic
2. Possessing prophetic power

Myrmidon: (MUR-mi-don) Noun

1. An unscrupulously faithful follower
2. A henchman

Desuetude: (DES-wi-tood) Noun

A state of disuse

Truculent: (TRUK-ye-lent) Adjective

1. Defiant & aggressive
2. Fierce, cruel
3. Pugnacious

Critical Success Factors—Beyond the Obvious

Background:

In several projects already this year we have had to address critical success factors that were either unknown by the client prior to our work; or were known but not designated as 'critical'. And, in every case we were targeting markets that represented significant ones for the existing business.

An example of this is one in which we were commissioned to identify new product platforms for a next generation product. Market experts in the Voice-of-Market™ Forums were expected to focus almost exclusively on new products and best-targeted segments; but each Forum inevitably focused on a new business model as the most critical success factor. They emphasized this as much more important than most potential product functional improvements. In addition, another key value was in branding which had been virtually overlooked to this point.

Another project dealt with a technology that we were looking to commercialize in various applications. We were again surprised by the results which showed a much more lucrative value to the client from licensing than by their traditional product development approach. Even with the information quantified, the results were always much higher in both financial as well as strategic value.

The real question is: “Why did these (and other) clients miss out on critical success factors that were so obvious in hindsight”?

Reasons:

There are many underlying reasons that we fail to optimize our value creation in new opportunities. The following are not meant to be comprehensive but merely exemplify some of the reasons that we have experienced:

- Our processes focus on the standard ‘Big 4 P’s’. Product; place; price; promotion. Yet, there are dozens of other factors that can influence the amount of value we create and capture for ourselves. We don’t spend the requisite time we need to on alternative: channels; implementation vehicle; or business model options.
- We have become lean organizations so that we don’t have the experience, time, personnel, or skills to look beyond those areas that represent our core competencies.
- We have become risk averse to the point that we don’t do anything considered innovative unless it is proven to be the most optimal way. And, it is impossible by definition to prove that something is better until the initial approach establishes a ‘base line’. It is a ‘catch 22’.
- Our business processes such as Stage Gate are set up to allow us to work in teams; but these teams are comprised of specialists who don’t have the generalist background to look at options beyond their specialties.
- NIH. Not invented here. Our present approach has many, many years of time and study behind it so how could there be a better way?

Recommendations:

The first and primary step is to look outside the box at the existing business, to the extent that you are investors in this new business and will look at new ways to capture value. By far the best way is to get people outside your industry to do this. As an example; if you are in a commodity or high capital business, have a branding or consumer group come up with options; or have outsiders with expertise in a completely different channel generate options. Of course, you will not make ‘wholesale changes’ in your basic business structure (at least in the short term) but you may add a few of the recommendations that can provide new competitive advantage. Plus, the experience will open the organization to new ways to look at opportunities. It will be much easier to implement new ways of doing things when you start with a clean sheet of paper.

Another factor that will be critical is to get senior management to encourage innovation beyond the lab in all functional areas (with limitations in legal and accounting of course). Make innovation a cornerstone in human resources; marketing; operations; planning; etc. The message is that: “We should do different things unless we are certain they are not as good at the present way.” This is radically different from the present approach, which is: “We won’t change anything unless we are convinced it is better”. It should be clear that the latter is almost impossible to prove in practice and thus nothing is tried.

If the above sounds like we might be suggesting an environment without ‘structure or rules’ then we need to clarify. There needs to be boundaries and mechanisms put in place to ensure that major mistakes are not made. The first process step must be to do a risk assessment in making a change (either in existing or new business areas). And, any changes are done in a very limited way at first, possibly limited to one product line until there is a history or to a new channel in one non-core market segment. Then, a much deeper assessment needs to be made before a new approach is systematized and becomes a part of our formal business processes - in simple terms: try, study, embrace. In most organizations today, our approach (philosophically) is: avoid, resist, study, study, delay.

Other recommendations are:

- Be ready to handle the apocalyptic responses that are always exaggerated. An example is the sales person who will tell you that you could lose your best customers when they find out that you are pursuing downstream customers in non-core markets. This exemplifies the ‘silo’ nature that exists in

large organizations. The sales people have narrow responsibility and that is to *protect* their customers and get orders. Anything that may affect that, even very remotely, is a threat and will be resisted even if it benefits the business overall. That is NOT what they are judged on. This applies to all the functional areas as well including specific geographic ones.

- Have a few generalists involved. Particularly in new business development and planning. Certain areas should be filled more often from people outside the company and these are the best ones. In strategic planning, it is much easier to learn the technologies and markets (at a strategic level) than it is to teach a long time 'insider' to look outside the box at different business models.
- Get an executive champion at senior management. Not just a sponsor, but a champion. Without that, nobody would stick their necks out and nothing will happen.
- Encourage key people to go to non-traditional events. Go to conferences on branding, licensing, functional ones but in different industries, etc. Let people understand that there is no one, best way to do things.
- Incorporate new approaches into existing processes to ensure new things are looked at. An example would be to take a new product platform and designate that at least 3 different channels or business models will be used in the initial commercialization.

In summary:

The above is not to say that we need to turn our organizations 'inside-out'. It is to address the side of our 'dilemma' that is overlooked. We need to stick to our core competencies which is systematizing things we do and getting better at them without doing something different. Yet, we are in a period of rapid and dynamic changes in all facets of our world. We believe organizations serve themselves better by being better at reacting and embracing change than in 'digging in' to the same-old; same-old.

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.

Business & Other Anecdotes

James Joyce

A young man came up to Joyce in Zurich and asked if he could kiss the hand that wrote *Ulysses*. To which Joyce replied: "No, as you need to understand that this hand has done many other things as well".

Davy Crockett

At an exhibition in Washington, Crockett amused his friends by pointing out the similarity between the features of one of the monkeys and those of a certain member of Congress. Hearing "Ahem", he turned around and saw the member of Congress right behind him. To which he replied: "I believe an apology is in order but I don't know whether to apologize to the Congressman or the monkey".

Lucius Annaeus Seneca

As the most influential advisor to Nero he was asked for the best advice he ever gave. To which he replied that he told Nero: "No matter how many you put to death, you will never kill your successor".

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>.

Your friends at:

PARAGON Development
www.paragondevelopment.com

PARAGON Development

1485 Dunbar Hill Rd. Suite 4010
Hamden, CT. 06514
(203) 288-4154
www.ParagonDevelopment.com

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 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.