

*The* PARAGON Perspective  
From the President

*Happy Holidays and our wishes for  
a Very Prosperous & Fantastic 2008!*

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.

We welcome your comments on any topic and encourage you to contribute to future newsletters. The PARAGON Perspective is now in its sixth 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.

All issues of *The Paragon Perspective* are archived on our website so you may easily pass along past issues to colleagues.

This month's newsletter is the last for 2007 and it is amazing just how fast the year has flown by. The business topic we will focus on in this issue is a success competence of one of our clients' use of a "**Formal Acquisition Strategy**".

Jack T. Peregrim  
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Paragon Update

PARAGON has set a record volume of business in 2007 and we thank all of our clients, referrals, and other supporters who were responsible. Our growth has been dynamic in two areas. One is in non-industrial/materials based business and the other is in strategic areas such as growth platforms and acquisitions. In many cases, these overlap but not in all.

We are starting new projects in November in: adsorbants; bio-engineering; lubricants; and new applications for a specialty polymer in packaging. More information will be shared as we get further into the projects.

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Conferences

This space is reserved for announcements of conferences or events that may have value to our readers.

PARAGON is not scheduled to attend any major conferences for the rest of this year but we would be more than happy to make any announcements if a reader sends one in.

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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.

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### Technologies of Interest

1. Two related technologies available for licensing or joint development are:

- Technology that enables the production and use of artificial muscles.
- Robotics capability looking for major corporation development partner in creating robotic platforms in elderly and disabled healthcare applications. Both in home and professional/clinical environments.

2. New technologies of interest for license or acquisition are:

- Unique separations materials and processes with a focus on gas, liquid, and/or gas/liquid phase separations. Primarily for non-consumer applications.
- Specialty adsorbents with an emphasis on high value add markets such as environmental or healthcare

Anyone with technologies fitting the above should contact us as below and we will forward the responses to our clients so they can contact you directly.

Jack Peregrim at (203) 288-4154 or [Peregrim@ParagonDevelopment.com](mailto:Peregrim@ParagonDevelopment.com)

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### Quotes of the Month

“The crisis of today is the joke of tomorrow.” *H G Wells*

“Happiness is when what you think, what you say, and what you do are in harmony.” *Mahatma Gandhi*

“The surest sign that intelligent life exists elsewhere in the universe is that it has never tried to contact us.” *Bill Watterson—Calvin & Hobbs*

“Retreat hell! We’re just fighting in another direction.” *Major-General O. Smith*

“Remember always that you have not only the right to be an individual; you have an obligation to be one. You cannot make any useful contribution in life if you cannot do this.” *Eleanor Roosevelt*

“If you do not place your foot on the rope you cannot cross the chasm.” *Liz Smith*

“The greatest mistake you can make in life is continually to be fearing you will make one.” *Elbert Hubbard*

“The man, who insists on seeing with perfect clearness, before he decides, never decides.” *Henri Frederic Amiel*

“If you wouldn’t write it and sign it; don’t say it.” *Earl Wilson*

“Most of us ask for advice when we already know the answer but want a different one.” *Ivern Ball*

“All my best thoughts were stolen by the ancients.” *Ralph Waldo Emerson*

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### Interesting Words

**Facetiae:** (fuh-SEE-shee-ee) Noun  
Witty or humorous remarks or writings.

**Syllogistic:** (sil-uh-JIS-tik) Adjective or noun  
1. Adj: Subtle or specious  
2. Noun: Deductive reasoning  
3. Noun: A subtle or specious piece of reasoning

**Habile:** (HAB-il) Adjective  
Having general ability; skillful

**Perfervid:** (puhr-FUHR-vid) Adjective  
Extremely or excessively passionate

**Contumelious:** (kon-too-MEE-lee-uhs) Adjective  
Rudely contemptuous

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### **“Formal Acquisition Strategy”**

#### Background:

We have a client who insists on anonymity because their new strategy is not widely known yet in their industry and they want to hold off as long as they can before their competitors are aware of what they are doing. They are a very large, global corporation in specialty chemicals, which is all that we can divulge.

They have done a great job in growing their core businesses which has ‘covered up’ the inadequacies in the external investments they have made. These are primarily acquisitions, including ‘bolt-on’ acquisitions which should be easy to understand, justify, and integrate. There were many reasons for their lack of success and the ones they have shared with us include:

- They had no formal process or protocol to look at acquisitions. No one was dedicated to this as months might go by without needing anyone’s involvement and they did not want to justify an executive when not required. There was also the mindset that they had been so successful in their internal growth that all executives should stay focused on that.
- When an acquisition was being considered (see above) they assigned lower level and inexperienced people to evaluate, value, and make the deal. Needless to say, they did not do as well as their experienced counterparts ‘across the table’.
- They had not worked out a formal strategy for acquisitions. What do they want? What do they expect? What are they trying to achieve? What is their criteria? All of these aspects and more were basically re-invented with each acquisition considered.
- Each mistake made the next acquisition even more difficult. They had a revolving door of people involved (already mentioned) because each time a person or team did an inadequate job due to lack of experience; they were replaced with another team without experience. Also, past problems meant that very good deals were not acted upon because of the ‘baggage of past failures’. And after they missed a few good ones, they overreacted to go after less attractive ones because they did not want to “miss a good one again” and subsequently made a bad choice.

More was shared with us; but the above are the main reasons for initiating a new process.

#### Formal Process:

In early 2006 the client asked us to help facilitate their establishing a more efficient process. We began by facilitating a retreat with top executives with an agenda that helped identify the root sources of the past failures and then put in place a formal strategy that would be employed. Key aspects of that strategy were:

- Clarify the role of acquisitions in a portfolio of investments. Separate types of acquisitions in the portfolio such as those for: strategic consolidation; bolt-on growth; adjacent expansion; and ‘stretch’ or step-out potential investments.
- Establish specific and detailed criteria to deal with all four of the above. Thus, resources could be efficiently applied proactively and not just reactively.
- Dedicate personnel at two levels. First a dedicated 2 person team with one person hired from further down the value chain, both of whom have done many previous successful deals. Also, establish internal teams who would convene regularly for updates and then become a ‘tiger team’ when required. Each team was customized based on the type of acquisition. As an example, the director of manufacturing/operations was a key person on several teams but with only a limited role on the step-out types of acquisitions.
- Use outside resources regularly such as the Voice-of-Market™ process to ‘stay smart’ about possibilities. They realized that the best things just don’t drop in their laps, so they need processes to identify, qualify, and quantify things before their competition does; and to give them time to consider things and avoid bidding wars and deadlines that don’t allow the best scrutiny.
- Set regular intervals for updating this strategy and presenting it to the outside Board. It will be every year for the first few years; then they anticipate making it a bi-annual requirement. This, of course may be even more frequent as major things change regarding overall business strategy. As an example, they are considering an acquisition right now that is almost equivalent to their own organization in size.

If this happens, then their criteria will change considerably and investment beyond this single deal will be restricted for at least 2 years.

Summary:

Acquisitions have the potential to impact an organization in ways (positive and negative) that most internal activities could not do. Yet, a 'typical' organization with 10,000 employees may have only one person with responsibilities for acquisitions, and many times it is only a part of their responsibilities. We have even worked with pretty large organizations who don't have anyone dedicated full time to acquisitions and each division or business unit is expected to handle what they need.

The potential impact alone should require having at least one experienced executive dedicated to acquisitions with at least a few 'staffers' who also have experience. The experience should not only be in "doing the deal" but also in establishing a strategy and finding acquisitions that deliver success under established criteria.

As always

We address many topics and most are at the request of readers, clients, and other business colleagues as this one was.

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.

PS:

We want to remind our readers that this section of the newsletter is open up to anyone with a development topic or an approach they would like to share. Four of the twelve topics last year were submitted by others and we know many consultants, company managers, and academics who have very solid and profound contributions they could make in future newsletters. We ask that it be from 600 to a 1000 words although that is not a 'hard' range. Let us know and we will gladly distribute your topic to the thousands of people on our distribution list. Also, we will agree that the copyright and ownership is kept by the contributor and that we only have a right to reproduce it in conjunction with this newsletter.

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**Trivia**

1. What did Attila the Hun die of?

*He bled to death from a nosebleed on his wedding night in 453 AD.*

2. What is the largest number of children born to one woman?

*69. from 1825 to 1865 a Russian peasant woman gave birth to 16 sets of twins; seven sets of triplets; and four sets of quadruplets.*

3. What is the only nation whose name begins with but doesn't end with an 'A'?

*Afghanistan.*

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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

<http://www.paragondevelopment.com>

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## PARAGON Development

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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 employees and affiliated industry partners are dedicated to helping clients optimize their planning and development efforts. We bring a network of 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. 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.

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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 paste 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.