

The PARAGON Perspective

From the President,

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.

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

This month's perspective is about a separate but significant market that is all too often ignored. The title is: **"Governments Buy Everything"**.

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

Paragon Update

Although the volume of new projects has decreased from last year's record levels, we are getting a significant increase in requests for proposal and scheduling meetings as precursors to new projects in Quarters 3 and 4. Most of those are new technology efforts that reflect projects that have been stretched out until the economy has shown stability which it is beginning to now. We have also been told that organizations can now look at development spending in the second half of the year without directly tying the costs to current operations like they had in the past. This year's numbers have thrown off the careful planning that typified past years so things are a little more tied to individual justification over portfolio balancing issues. There also is a new sense of urgency to move quickly now that the totally new dynamic of a different economy is being understood.

Conferences

Antec – June 21-25 in Chicago, IL

Antec is the major conference and trade show event each year for the Society of Plastics Engineers and typically has many thousands of attendees who have interests in plastics development and applications of the same in most intermediate and end use markets. We will be presenting during the conference portion and look forward to seeing you there.

Information can be found at: www.4spe.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 over six 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.

Technologies of Interest

Goose/bird repellent: A client has developed a solution for controlling Geese on turf and also other problematic birds on structures that includes pigeons, gulls, and crows. Their solutions are humane, environmentally friendly and visually neutral. In fact, PARAGON had worked with this organization at an earlier stage and can attest first hand to its value and effectiveness. For information, please contact:

Chris Widrig. Chris.Widrig@airepel.Com

Imbedded systems: A client has developed an imbedded reactive processor compatible with Java that integrates many computer languages and is a breakthrough from previous attempts to write multi-language compatible software. For more information on the above opportunities contact:

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

Quotes of the Month

“Nothing pains some people more than having to think.” *Martin Luther King Jr.*

“Winning is not everything, but making the effort to win is.” *Vince Lombardi*

“Your-re only as good as the people you hire.” *Ray Kroc*

“Science is organized knowledge. Wisdom is organized life.” *Immanuel Kant*

“Ultimately the only power to which a man should aspire is that which he exercises over himself.” *Elie Wiesel*

“One person with a belief is equal to 99 who have only interests.” *John Stuart Mill*

“Success is making stepping stones out of stumbling blocks.” *Jack T. Peregrim*

“Great ability develops and reveals itself increasingly with every new assignment.” *Baltasar Gracian*

“To avoid situations where you might make mistakes may be the biggest mistake of all.” *Peter McWilliams*

“Human being, by changing the inner attitudes of their minds, can change the outer aspects of their lives.”
William James

Interesting Words

Pretermitt: (pree-tuhr-MIT) Verb

1. To let pass without mention.
2. To suspend or leave undone.

Decussate: (DEK-uh-sayt) Verb

To intersect or cross.

Cadge: (kaj) Verb

1. To beg.
2. To obtain by imposing on someone's generosity.

Lucubrate: (Loo-kyoo-brayt) Verb

To work laboriously or learnedly.

Diaphanous: (dy-AF-uh-nuhs) Adjective

1. Transparent, light, or delicate.
 2. Vague or hazy.
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“Governments Buy Everything”

Our current economy has the United States and other national governments purchasing goods and services at unprecedented levels both in real monetary outlays as well as proportion to their respective overall economies. But, the real lesson for us is not in simply ‘jumping on the bandwagon’ but in recognizing that governments represent a significant and sustainable long term market.

Case Study:

The following case study only exemplifies results we have found in dozens of cases.

A few years ago a client engaged us in an assignment to determine overall potential for a new technology including the best applications and markets plus the most optimal ways to capture value in commercialization. They had initially targeted applications and then we needed to validate those and project whether there were other, better opportunities.

The technology was a specialty material that was basically a commodity polymer functionalized in new ways that enables it to be used in finishing processes that it could not in the past. In certain applications the materials properties would be much more attractive than present alternatives but there was no viable way to process it into the final forms needed.

In the course of several Voice-of-Market™ Forums there included experts who understood requirements for products in various government agencies that were looking for improved properties that matched our client’s polymer capability. Our client did not market to the government and very little of their material ended up in products used by them. (In this case it was the U.S. Federal Government). They were also not aware of the limit amounts because their value chains hid the final products by their channel/marketing strategy of selling to compounders, major customers, fabricators, and distributors who did not reveal their customers.

The advice within the Forums was to get the materials spec’ed into master purchasing in various government agencies. This allowed immediate approval for use of these materials and because they had a protected position in regard to IP, they had the only materials based on their properties when it was needed. The experts also laid out the protocol and steps needed to get approvals and two worked directly with the client after the Forum to oversee all the testing and filing needed as they had long experience in doing that.

The end result is that our client’s material was approved and they had tens of millions of pounds in sales within 2 years and it quickly became their largest volume and profit area even though it was not even considered during the R&D process. In addition, they have gone back and done the same for many other more ‘mature’ products and have seen an unexpected and significant jump in new sales in several of them.

Other projects targeted specific and groups of States in areas such as:

- Electronics technology in traffic control.
- Software technology in education.
- Materials used in building and construction.
- Medical devices for use in nursing and assisted care facilities.

In each of the above, our clients did not develop their product with government applications targeted, but there were large volume potential once the needs were identified and understood.

Issues & considerations:

The reasons most organizations (even large corporations!) don’t target the governments are too many to list but the main ones are:

- We don’t understand them! Governments do not operate like any other market and are thus very difficult to understand and navigate through. They are bureaucratic. They have long leads times in many cases. They are not transparent in many ways. They are black holes. They do not provide information about potential or interest during the development process. They are frustrating even after approving products by requiring incredible burdens in forms and paperwork that are convoluted and confusing.
- Governments are not one entity but instead represent many, many markets with individual needs and requirements compounding the bullet above by having different requirements for each federal agency; state; and municipality. Considering the variables of different departments at each level is very difficult to manage. (We have not even mentioned multiple government agencies or independent ones such as the United Nations; NATO; etc.. Even more lucrative are regions such as Europe; Asia; and Latin America with regional/collective needs but also many unique to the specific countries within them.)

- Politics and requirements in the development process. There are many, many limitations and considerations that are well beyond the cost/performance considerations of commercial markets.

All said above there are ways to overcome the hurdles and capture new business with high margins and limited competition. Some recommendations are:

- Hire employees or engage consultants who have experience in doing this. If this is not a focus for you now; do not think you can do anything with your existing marketing people other than provide years worth of training that is needed to be effective. In almost all cases it will require teams of people with at least a decade of experience in their areas to be productive. (Typical areas are: Federal and local different in various regions mentioned above.) Also, a separate department is highly recommended with an organized and experience admin support for the many files and follow-ups required.
- Use outside resources in the targeting of opportunities separate from the existing development resources and it is best to separate projects in your stage gate process after stage 2 with government and commercial being distinct. They will move at different speeds and have very different requirements and steps.
- Set up dotted line controls so each profit center can share one government marketing department which is most cost effective and, if a percentage of costs are shared, then it would encourage each profit center to 'push' it's products into government applications.
- Train shared support people about the different protocols and needs in: technical service; billing and collections; customer service; labeling and shipping; etc.

In summary, there are very few untapped new markets for most mature products and limited opportunities for new ones. Government markets represent new potential sales; filling capacity; and a means of establishing a new and differentiating core competency from the competition.

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 of 2007 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.

Trivia

1. Why should you not touch halogen lights with your fingers?

The short answer is because they are hot but there is more to it. Traditional light bulbs use soda lime glass and halogen bulbs are typically more durable quartz. This is because they need to withstand at least 250° C internal temperature.

Quartz halogen bulbs must not be touched with the fingers because the combination of natural oils from the skin and the high temperatures within the bulb will change the crystalline structure of the bulb. Contact with human oils can cause the glass to crack and leak. As a result, air can even get into the filament and cause it to explode although that is rare.

Some halogen bulbs actually have an 'outer bulb' so they can be handled by hand but most do not. Cleaning the bulb with denatured alcohol is the best way to reverse the effect of greasy hands.

2. What part of an orange has the most vitamin C?

Most of the Vitamin C in fruit is in the skin (pith).

3. What do elephants and cats have in common?

They both communicate by purring.

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>

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 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.

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