

The PARAGON Perspective

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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 on an issue that involves a different but crucial perspective. Per topic repeat request, we are reprinting this editorial entitled: **“Critical Success Factors—Beyond the Obvious.”**

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

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Paragon Update

Going into Quarter 3 the number of projects at PARAGON has stayed at peak levels even though the summer months typically have a drop off in activity. We already have new project starts in July and August at record levels and project a 2010 that rivals what we experienced in 2008.

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Conferences

World Future Society ---Boston MA
July 8-10

The World Future Society is the leading organization in trends and forecasting in any industry or market. They have a very affordable annual meeting that is of high value to anyone in planning or development functions. More information can be found at: www.WFS.Org.

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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 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.

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Technologies of Interest

Enzyme design and production: A client has a very sophisticated and world class capability to design and engineer bio-catalytic solutions based on enzymes and some proteins. They have focused in food, bio-fuels, pharmaceuticals, and industrial applications.

Packaging Adhesives and Coatings: A client is interested in any technologies or developed products with applications into packaging adhesives and coatings. They have a substantial existing business and are looking to expand their pipeline of development projects and offered products. They would also be interested in standalone companies with attractive products.

Silicones: A client is interested in licensing in or partnering on new technologies that improve performance in silicones for a wide variety of applications

For more information regarding the above technologies, contact:
Jack Peregrim @ (203) 288-4154 or Peregrim@ParagonDevelopment.com

Performance Plastic Production System: A proprietary technology allows physical control of the molecular orientation of plastic polymer sheeting materials with the potential to improve properties and decrease costs. The field of this innovation is automated production of plastic materials using web extrusion; casting, thermoforming, or vacuum forming. This enables innovation in packaging, medical, consumer, and construction products. Reduces resin required by up to 25%, lowering input and transportation costs while still maintaining performance properties. Also enables greener materials like PET to be cost competitive with PS.

More information can be gained about the Performance Plastic Production System technology by contacting:
Clyde G. Hanson at (612) 418-1192 or Clyde.Hanson@GMail.Com

Bio-Technology Services: We have a client with 40 years experience who has provided expertise in microbial screening, strain improvement (both classical and recombinant), metabolic engineering and process development programs. They have introduced a new service in the area of bacteriophage control for companies concerned about contamination to large scale fermentation.

For more information regarding Bio-Technology Services contact:
Earnie Porta at (302) 504-7401 or EPorta@ArkionLS.Com

Instantaneous Microbial Detection Technology: IMD technology available for licensing. BIOV Defense and Securities Technologies Inc. has developed an optical laser that can immediately determine the quantity and size of particles in liquid or air, and simultaneously determine whether each particle (0.5-20 microns) is inert or biological in real time. Applications include defense or homeland security operations encompassing the detection of small particles posing a bio-agent, bio-terrorism or related defense or military security in addition to areas such as airport security and unmanned air vehicles.

For more information Instantaneous Microbial Detection Technology call:
Doug Adams at (267) 902-8124 or DAdams.IPconnection@GMail.Com

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Quotes of the Month

“Live so that your friends can defend you, but never have to.” *Arnold H Glasgow*

“The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails.” *William Arthur Ward*

“Nothing valuable can be lost by taking time.” *Abraham Lincoln*

“It is far more impressive when others discover your good qualities without your help.” *Judith S. Martin*

“Just as iron rusts from disuse, even so does inaction spoil the intellect.” *Leonardo da Vinci*

“Standing in the middle of the road is very dangerous; you get knocked down by traffic from both sides.” *Margaret Thatcher*

“He who mistrusts most should be trusted least.” *Theognis*

“Great opportunities to help others seldom come, but small ones surround us every day.” *Sally Koch*

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Interesting Words

Esurient: (i-SOOR-ee-uhnt) Adjective

Hungry; greedy.

In use: Rising land values have drawn droves of esurient developers.

Congeries: (kon-JEER-eez) Noun

A collection of miscellaneous things.

In use: What an inefficient congeries of products are in the business' portfolio.

Nescient: (NESH-uhn) Adjective

Lacking knowledge or awareness.

In use: His career went from nescient to being an expert in the market.

Asseverate: (uh-SEV-uh-rayt) Verb

To affirm solemnly.

In use: I asseverate that I did witness the crime.

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“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.

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. This edition and three of the last Perspective topics were submitted by others. 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. Why do your teeth chatter when you are cold?

Teeth chattering is just an unintended consequence to the body's react to cold in which it speeds up the blood flow and motion is what does that. The hypothalamus portion of the brain determines that the body is getting cold and it sends a message to 'start moving' in various ways.

2. What does a cremated person weigh?

An average of about 9 pounds.

3. What is the only known animal that is immune to every known disease and never gets sick?

The shark.

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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 and that you will let others who might find this newsletter useful know about our publication. Previous issues of our newsletters can be found at <http://www.paragondevelopment.com/perspective.html>. If you would rather not receive the newsletter please respond to this email and include the word REMOVE in the subject line or in the message. To subscribe to our newsletter, please send an email to contact@paragondevelopment.com and include the word SUBSCRIBE in the subject line or message. We will never sell your email address to others.

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