

The PARAGON Perspective

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From the President

We wish our readers a very productive start to a prosperous 2012! It is hard to believe this is the 12th year for us at PARAGON. We are very, very grateful for the opportunity to have served our clients over those years and to continue to serve old and new ones in the years ahead.

For those of you not familiar with us and may have received this as a ‘forward’ from the original recipient, The 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 editorial is titled: **“Putting Growth on Hold.”** Next month we plan to discuss the flip side and cover “Just Say ‘NO’.”

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Paragon Update

The next two quarters look very good for us at PARAGON with new project starts representing a wide variety of industries, geographies, and types of projects. This leads us to look at 2012 as comparable to our record year of 2009 and hopefully this reflects and overall economic strength.

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Conferences

No conferences have been submitted to be included in this month’s newsletter.

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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

High-pressure composite cylinders liners: A reader has a new and proprietary liner for high-pressure composite cylinders (Types 3 and 4 vessels) such as those used for compressed gases (CNG, H₂, ANG). The liners reduce the cost by 40-50% from traditional aluminum liners and thus have potential for overall cost reduction of 20-25% in final cost of the vessels. There is no change required in manufacturing the vessels and no change in the pressure or other properties other than a weight reduction which is desirable. It is felt that this new liner can allow Type 3 & 4 composite vessels to compete much more favorably with steel vessels. Production quantities are available.

If interested contact: Jack Peregrim at (203) 288-4154 or Peregrim@ParagonDevelopment.Com

Water bacteria detection: A client has a new proprietary product that allows rapid detection of bacteria in water. This technology can enable detection of contaminations due to a wide range of problems such as filter failures, pipe breaches, or contaminate dumping. There is a great deal of flexibility in application and alarms that allow the product to be used in a wide range of applications from industrial process to municipal drinking water.

If interested contact: Jack Peregrim at (203) 288-4154 or Peregrim@ParagonDevelopment.Com

Halogen free, fire resistant, nontoxic polyolefin: One of our readers would like to present a new halogen free, fire resistant and non-toxic polyolefin. There is also a second one that has intumescent properties. Both have passed FAA test for approved use on commercial aircraft. Several polyester grades are also available for testing.

If interested please contact Ed Gregor at (01) (704) 442-1940

Chemical/materials technologies in consumer, personal and bioprocessing with broad potential. The client will consider licensing, acquisition, and/or co-development options.

If interested contact: Jack Peregrim at (203) 288-4154 or Peregrim@ParagonDevelopment.Com

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Quotes of the Month

“Good communication is as stimulating as black coffee and just as hard to sleep after.” *Anne Morrow Lindbergh*

“The trouble with life isn’t that there is no answer, it’s that there are so many answers.” *Ruth Benedict*

“One of the best ways to persuade others is by listening to them.” *Dean Rusk*

“Science is the great antidote to the poison of enthusiasm and superstition.” *Adam Smith*

“If you’re not part of the solution, you’re part of the precipitate.” *Anonymous chemist*

“It is best to learn as we go, not go as we have learned.” *Leslie Jeanne Sahler*

“It requires a very unusual mind to undertake the analysis of the obvious.” *Alfred North Whitehead*

“Science is nothing but developed perception, interpreted intent, and common sense rounded out and minutely articulated.” *George Santayana*

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Interesting Words

Subsume: (suhb-SOOM) Verb

To include or incorporate under a more comprehensive category..

Discomfit: (dis-KUHM-fit) Verb

1. To confuse or embarrass
2. To thwart the plans of

Cant: (kant) Noun & Verb & Adjective

1. Noun—Hypocritically pious talk
2. Noun—The private language of an underground group
3. Noun—Whining speech, especially beggars
4. Noun—A slope or tilt
5. Noun—A motion that tilts something
6. Noun—An outer corner
7. Noun—A log slabbed on one or more sides
8. Verb—To set at an oblique angle; tilt
9. Adjective—Oblique

Pug: (puhg) Verb & Noun

1. Verb—To knead with clay
2. Verb—To fill with clay or mortar
3. Verb—To make soundproof by packing with clay, sawdust, or mortar
4. Verb—To track by following footprints
5. Noun—A footprint, especially of a wild animal; pugmark
6. Noun—A boxer
7. Noun—A dog of a breed with a snub nose; short hair, wrinkled face, and curled tail.

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“Putting Growth on Hold”

Background:

Many businesses are in a transition phase. Some are getting their feet wet again in new business development and growth initiatives while others are still looking to ‘see the bottom’ before jumping in. The one consistency however is continuing to utilize inefficient, poor management techniques when looking at growth.

Of course, the economy was bad and uncertainty difficult to manage, but growth and new opportunities were not just closely managed they were basically killed in most organizations. And, growth from R&D and new business development is a pretty small part of most organizations budgets to begin with because we’re constantly looking for quarterly returns without longer term investment. The following organizations exemplify what we have found widely.

- A major corporation with a large team and effort in new programs in marketing excellence and new business development with corporate sponsorship to all the SBUs was making good progress throughout the organization getting top and bottom line contribution that they would not have seen in the past. However, they were given a mandate to cut back and the trained leaders (like Black Belts) were pushed back into operating businesses where they will not be moved in any foreseeable future. Even if the organization wants to pick up this effort again it will require years to ramp up to be productive. They basically lost several years of past training and costs plus they lost the contributions that could have been made! And, if you are reading this and are sure this is your organization we are referring to, you are probably wrong because it refers to many.
- Another very large and global corporation invested quite a bit of time, personnel, and money pursuing a specific new technology/product platform over the past several years but took new development out of their budget for the last 3 quarters of 2011 and the first quarter of this year. The two key technology people left the company for another that was committed to continuous development and the business project leader left for a start up in the same area. The company plans to get back to this in the coming quarter so it looked for an external perspective on this dynamic area that has had

many changes in the past 12 months. They are clearly set back quite a bit and the past investments are pretty much wasted.

- Another organization made an investment in new business and technology development in a rapidly developing electronics field and they had advancements that put them at the front of the pack in a specific large application. They cut back about 18 months ago and the project team was cut in numbers and capability basically halting progress. They are about to go “full steam” again, but at what costs in lost time and competitive advantage.

These are just a few examples of lost potential and contribution. At the very least, the NPVs took big hits just by delaying success even if costs were curtailed and pushed back.

Recommendations:

We do recognize the need for cutting back when revenues are reduced below projections and expectations but we have done a poor job of managing that reduction overall. We have seen the mentality of “cut now and deal with the results later”. The decision to cut investment was made quickly and ad hoc because of short term pressures without any study as to the ramifications. It is easy to reduce budgets on growth projects because they have little impact on present contribution and are obvious targets for the most draconian reductions. While easy to see, it may not be in an organization’s best interests because the net effect is cutting costs that not supported by commensurate revenues at this time.

Our recommendations based on lessons learned:

- Study each project and initiative before cutting to the extent we do. Determine just how large the impact will be and the effect on NPV.
- Even if growth projects are cut, make sure everyone on the team stays motivated and encouraged if it is just a matter of time before things are renewed. Do not let those who had been dedicated be in anguish wondering when “the axe will fall”. This has been more the rule than the exception. In many cases, a degree of encouragement could have made a big impact.
- Instead of across the board cuts make more strategic cuts that ensure projects with the most potential or have pressing time issues are still moving forward. Include considerations for long term competitive advantage. If your competitor is cutting all new business investment, look at selective areas to target that clearly differentiate yourself with the customers you presently need and will need in the future.
- Break away from the hard stage gate process and work on those things required in future stages that do not necessarily have to be done at the next gate. This has been found to be very productive where internal resources can be applied without capital or new spending.
- Use the time to look at growth in ways that you have not had the time to in the past. A business made an effort to contact their suppliers and even their suppliers’ suppliers and discuss innovation development they would value. Prior to this they were not even transparent with their suppliers. Needless to say, their suppliers put their resources to work in areas that could advance this business’s efforts.
- Do not burn bridges. An organization forms productive and valuable relationships with employees, consultants, suppliers, and academia. Cutting back has also meant doing the same in relationships that are needed more than ever when priorities change again.

In summary:

Whether your organization is stagnant, heading downward, or starting to creep upward again, it is important to mitigate the damage caused by the cutbacks over the past few years. Look at the recommendations above and apply those needed most in your situation and document what has been lost just to serve as a benchmark for the future.

A last piece of advice - although investment at the wrong time can be very damaging, those who charge forward earliest in a recovery will gain share and advantages that are very difficult to overcome.

In closing:

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 try to presume to

be the leaders in all areas we cover and 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 continue to focus on topics that the readers choose over ones we consider within our staff, so please continue to send requests for topics you want covered.

PS:

We want to remind our readers that this section of the newsletter is open to anyone with a development topic or an approach they would like to share. Many of you - consultants, company managers, and academics - have very solid and profound contributions that could be presented in future newsletters. We ask that your submission be from 300 to 800 words. Let us know and we will gladly distribute your topic to the thousands of people on our distribution list. We agree that the copyright and ownership be kept by the contributor and that our only right is to reproduce it in conjunction with this newsletter.

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Trivia

What makes vegetables colored?

Vegetables come in many different colors, and different compounds in each vegetable determine the color. These compounds, which are most often carotenoids, are chromophores, absorb and then give off particular wavelengths of light. Each wavelength is associated with a specific color. Carotenoids have multiple, conjugated (linked in a row) carbon-carbon double bonds in them. The number and arrangement of the conjugated double bonds determine the wavelength of light that is absorbed, and thus the color of the vegetable.

What makes a leaf change color?

Just like the colors found in some plastics and coatings, the color in plants is due to the presence of pigments. The amount and ratio of different porphyrins, carotenoids, and flavonoids and the acidity of the environment determine the color of a plant. Chlorophyll (porphyrin) is green; carotene, lycopene and xanthophylls (carotenoids) are yellow, orange, and red; and anthocyanin (flavonoids) are yellow, red, blue, purple, and magenta. Chlorophyll is produced in response to sunlight, so less can be found in plants when the periods of daylight are shorter. (i.e. autumn) It also decomposes, so eventually a plant may have very little or no chlorophyll. Light is not needed to produce carotenoids, however, so they also don't decompose very quickly. Anthocyanin (a flavonoid) changes color with pH, so it can exist as red, blue, purple, or magenta depending on soil conditions. It requires light for production, so sunny days will result in more of these colors.

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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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