

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 it but 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: “[Acquisition Success.](#)”

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Paragon Update

January has seen an increase in project starts. Several were with very little notice which shows clients are moving quickly going into 2012. One other trend we have seen is the focus on using our Forums for cost control as much as for growth. About 40% of the projects to date are driven by business managers looking to confirm the value propositions for new technologies and products because of requests for large budget items from R&D and business development for testing, engineering, and commercial development.

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Conferences

PanPac Conference: A request has been made to post a very valuable conference focused on microelectronics. The focus is a balance between technology and business and it is a superior networking even for attendees regardless their discipline if related to the microelectronics industry and markets. Information can be found as follows:

PanPac Conference - Kauai Hawaii
February 14-16, 2012
www.SMTA.Org/PanPac

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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

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

Disposable neck support pillow: A reader has a unique new product which addresses a quantified need for neck support with a single-use, disposable neck pillow with many applications. Examples could be for use in salons for shampooing or for massages. It addresses the problem of radiculopathy which studies have found to be a wide problem that causes short and long term neck problems. It is estimated that just the two applications above have market potential of 450-900 million per year in the U.S. alone. The product is also biodegradable and uses post-consumer waste polymers and materials. The company is looking for a downstream partner to work with.

Please contact Rick Jezzi at (01) (215) 839-6029 or Rick@ADJezziAssoc.Com.

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Quotes of the Month

“Perfection is achieved, not when there is nothing more to add, but when there is nothing left to take away.” *Antoine de Saint-Exupery*

“All the art of living lies in a fine mingling of letting go and holding on.” *Henry Ellis*

“Believe that life is worth living and your belief will create the fact.” *William James*

FYI: The following quotes were sent by a reader and are particularly interesting as the U.S. enters the next Presidential Election year. The quotes, however, are not meant to reflect any specific endorsements or views of the PARAGON team.

“Just because you do not take an interest in politics doesn’t mean politics won’t take an interest in you.” *Pericles (430 B.C.)*

“No man’s life liberty or property is safe while the legislature is in session.” *Mark Twain*

“The ultimate result of shielding men from the effect of folly is to fill the world with fools.” *Herbert Spencer*

“We hang the petty thieves and appoint the great ones to office.” *Aesop*

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Interesting Words

Aby: (uh-BY) Verb

To pay the penalty for or to suffer or endure.

Sagacity: (suh-GAS-i-tee) Noun

Keen judgment or wisdom.

Stochastic: (stuh-KAS-tik) Adjective
Involving chance. Random; probabilistic.

Immanent: (IM-uh-nuhnt) Adjective

1. Inherent; spread throughout.
2. Subjective: taking place within the mind and having no effect outside of it.

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“Acquisition Success”

Background:

We have recently been working on an acquisition project for a large global corporation who has made over 50 acquisitions within the past 5 years. They shared some of their post acquisition findings with us that we believe are interesting and informative even in a broad sense, so we are sharing some of these insights with you.

Basically their most successful acquisitions fell into two categories. The first were ‘bolt-on’ acquisitions where they acquired smaller competitors or ones in new regions where they were underrepresented. They succeeded by improving economies of scale based on wider shared costs and also by pricing protection based on less competition. We are all familiar with this model so it is nothing new, but it is the second finding that is most interesting and that we will share below.

Value from change, not synergy:

The second set of acquisitions that had very high new value were ones that did not leverage existing channels, business models, or marketing strategies. These acquisitions brought very new approaches to being commercial successes and only had commonalities in relation to the foundation technologies and products. The organization was able to understand the development, improvement, and integration of these technologies and products even if they were different than the core. As long as they were complementary, then they were a good strategic fit but the ones with synergy alone in products were only moderately beneficial in contribution. The ones that had very different approaches to market or capturing value did considerably better.

The client is looking at this much further and so far, their findings are that their existing business model and approach is still optimal to protect and grow the existing business. And, they are looking at it a second time in greater detail over the next 6 months to ensure their first findings are not biased. We hope to be able to share that result in the future.

In summary:

It seems clear so far that new value comes more from running the business with different approaches than it does from the traditional expansion with new technology and products. Our client also shared with us that their budget for R&D and new product development is close to \$8 billion per year and there is next to nothing set aside for exploring or developing new business or value capture models. They expect to address this after this confirmation study and believe that their acquisitions have opened their eyes in two ways. First in what they consider in valuing an acquisition and the criteria to employ, and secondly in looking at new value capture models with their existing and mature businesses.

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 up to anyone with a development topic or an approach they would like to share. We ask that your submission be from 600 to a 1000 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

Why is salt put on icy roads?

Salt is put on icy roads and sidewalks to melt ice and keep it from refreezing. When salt is added to water, the freezing point is lowered because there are foreign particles dissolved in it which affects the temperature ranges in which it is effective. This is known as freezing point depression. When table salt is used (NaCl) the typical depression is to about -9°C or 15° F but NaCl is not the best salt to use. Calcium Chloride CaCl₂ which dissolves into three ions in water and thus lowers the freezing point further. And, there are other salts that are also effective such as: Ammonium sulfate, Calcium magnesium acetate, calcium carbonate, magnesium carbonate, magnesium chloride, potassium acetate, potassium chloride, and urea.

Who decided to put the '@' symbol in internet addresses?

The first to do this was Ray Tomlinson in 1971 who was with the U.S. Department of Defense. He realized it was easy to just use a name when sending messages to others on the same mainframe but that did not work when sending messages to others outside the mainframe. He just figured that '@' would be the most appropriate symbol to use and it was universally adopted.

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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.

We encourage you to visit our website at <http://www.paragondevelopment.com> to find out more about PARAGON Development, who we are and how we assist our clients.

Your friends at:

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