

The PARAGON Perspective

Features

Conferences
Technology Transfer/Capabilities
Technologies of Interest
Quotes of the Month
Interesting Words
“Cheaper Trumps All”
Anecdotes

From the President

We are hopeful that this finds you in the midst of a great start to a prosperous and productive 2011!

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: **“Cheaper Trumps All”**.

Jack T. Peregrim
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[Return to #Top](#)

Paragon Update

If our humble consulting business is any indicator of the overall economy, then 2011 looks like it will finally be the start of a healthy recovery. We are busy and have many projects scheduled for Q2 and Q3 beyond those in house at this time.

One trend we see is new product development in all industries we serve. Our clients are looking at their portfolios and initiating new product development based on the major new changes in trends and drivers that have occurred over the past 3-4 years. Many of their existing markets are considerably different and new markets are opening for technology transfer.

[Return to #Top](#)

Conferences

LES Spring Meeting
May 4-6, New York City

The annual Spring Meeting of The Licensing Executive Society (US/Canada) will be in New York City. More information can be gathered at WWW.USA-Canada.LES.Org

[Return to #Top](#)

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.

[Return to #Top](#)

Technologies of Interest

Adhesives and Sealants: A client is looking for technologies to license and start-up companies to invest in that have potential to improve a wide variety of adhesives and sealants.

Filtration Technologies: A client is looking for technologies that enable filtration incorporated into pumps for a wide variety of applications

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

Fluorescence microscope: A previous client has a new product that is a compact, simple and inexpensive fluorescence microscope. It is priced under \$5,000 with further discounts for academic and non-profit organization.

More information can be found at <http://www.etaluma.Com/products/lumascope>

Industrial Waste Treatment: Integrated Engineers has a new ‘Green’ technology for treating industrial waste that has proven successful in removing contaminants from many waste streams. They are actively gearing up production. Anyone looking for better solutions in treating industrial waste can contact:

David Wensloff at (559) 683-8284 Ext. 102 or David@WECleanwater.com
or
Brian Rasnow, Chief Scientist at (805) 490-4215 or BRasnow@Etaluma.com

[Return to #Top](#)

Quotes of the Month

“Innovation is not just technical; it is also organizational and managerial.” *Stewart Clegg*

“We had the experience but missed the meaning.” *T S Eliot*

“While hard data may inform the intellect, it is largely soft data that generates wisdom.” *Henry Mintzberg*

“Everyone likes innovation until it affects himself, and then it’s bad.” *Walter Wriston*

“You can only stumble if you’re moving.” *Roberto Goizueta*

“In solving our problems, we should beware of creating worse ones.” *Indira Gandhi*

“A common mistake people make when trying to design something completely foolproof is to underestimate the ingenuity of complete fools.” *Douglas Adams*

“The secret of success is constancy to purpose.” *Benjamin Disraeli*

[Return to #Top](#)

Interesting Words

Valetudinarian: (val-i-too-duh-NAYR-ee-uhn) Noun

A weak or sickly person, especially one who is overly worried about their health.

Caitiff: (KAY-tif) Adjective
Cowardly or despicable.

Gasconade: (gas-kuh-NAYD) Noun
Boastful talk.

Inosculate: (in-AWS-kyuh-layt) Verb
To join or unite.

[Return to #Top](#)

“Cheaper Trumps All”

Premise:

This short editorial is a reminder about focusing on what is important in new product and business development. A simple way to look at the value proposition of an organization's offerings is in using the equation that value to your customers and markets is equal to what they receive in benefit over what they pay in price/cost. What we typically overlook is that the denominator (price/cost) will affect success at a much higher level than improved performance in the vast majority of cases. We have found that what is considered a significant improvement from a performance perspective is 25-50% better than existing options, (the level of improvement that usually motivated buyers to change from present alternatives), while the amount of cost reduction that motivates the same is only 5-10% , even less if large volumes are involved!

Example:

We recently were involved with a client who had a new technology that enabled a new product that performed as the previous one did but was much more environmentally friendly. It was actually very innovative in the use of materials and design and was about 15% higher in cost to produce in an application that has been getting a lot of negative press. The client was also looking to pass along only half the additional cost and their strategy was to get market share instead from buyers who would benefit from having a much cleaner and responsible product. The end result was that after significant marketing expenses, the sales could not even fill capacity in a small production unit. Any extra cost made purchasing this new product unattractive and the additional benefits were not considered.

Recommendations:

There are a number of things we see and can make recommendations about:

- Make sure your R&D and new product portfolios are at least balanced if not heavily weighted toward cost reduction over improved performance. This should be applied in both breakthrough and extension initiatives. We have found with very few exceptions that over 80% of new development projects are focused on improved performance which minimizes the potential for commercial success.
- Invest time and resources in the best possible knowledge of your customers and downstream market system costs. Most customers and markets are not transparent about these and many do not even know them internally but that does not mean we should not do all we can to get this information. How can you be less costly if you do not have a baseline?
- Look at innovation beyond your own core competencies. If you rely on chemistry or materials innovation, develop an equal understanding of process. If your competencies are process or equipment, look for materials or design innovations.
- Change your organizational mindset that typically looks at lowest cost and innovation investment as mutually exclusive. We have worked with commodity chemical and petrochemical organizations that are more innovative than specialty product companies. They just apply their innovation more in lowering cost than in performance improvement.

In summary:

This is a topic we have covered before but it is worth looking at again based on our continuous experience in new business development and planning. We hope it 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 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.

[Return to #Top](#)

Anecdotes

Mahatma Gandhi

Mahatma Gandhi was once asked what he thought about Western Civilization. He replied: "I think it would be a very good idea".

John Wayne

When speaking at Harvard after receiving the Hasty Pudding Award he was asked if he looked at himself as an American Legend. To that he replied: "Not being a Harvard man, I don't look at myself any more than is necessary."

[Return to #Top](#)

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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[Return to #Top](#)