

Small but perfectly formed

It may have only a few members, but companies across the world have benefited from work done by The Gathering – an organisation that has been hugely influential in spreading the intellectual asset management message over the last decade

By **Joff Wild**

Cast your mind back to the early 1990s. To a time when no one was thinking about finding Rembrandts in any attics or an Edison in a boardroom. Jerry Junkins was busily and aggressively using Texas Instruments' patent portfolio to bring the company back from the edge of bankruptcy, while Marshall Phelps and his team at IBM were beginning to formulate one of the most financially successful licensing programmes in history. But in almost every other corporation in the US and beyond – outside of the life sciences industries, perhaps – IP rights, let alone things such as know-how, customer lists and business relationships, were invisible to those at the highest level.

Back in the early 1990s, if senior executives had heard of intangible assets, they did not take much of an interest in them. They were obscure little things that had nothing to do with revenue generation, increasing profits and building share value. Instead, intellectual property was a straightforward legal issue; while the term intellectual assets was almost unknown. The idea that you could make money and build value from either would have been dismissed out of hand by all but the most visionary of businesspeople.

A difficult start

It was in this unpromising environment that Patrick Sullivan and Suzanne Harrison were operating. Having read and admired the work of Professor David Teece of the University of California, they were trying to convince people that innovation alone was not the long-term way to make money from technology; that instead, companies owned a

number of complementary intangible assets that were an essential part of the value creation proposition. "We believed early on that intangibles were not only legal assets, but also business assets. At that time intangibles – which really meant intellectual property – were managed by the legal department, which wanted only to minimise risk. We felt they should also be in the sights of businesspeople who could use them to maximise opportunities," Harrison explains. But it was a tough sell. "We gave hundreds of presentations – and no one invited us back. To say we were ahead of our time would be very polite," she says. But the two of them were determined not to give up: their message, they knew, was a strong one, it was just a matter of finding the right people to hear it. And eventually they did.

"I had just finished a presentation at an LES meeting in San Francisco in 1993 when a man came up to me and said that I was using his slides," says Sullivan. "Having registered my surprise, he said that of course this was not literally true, but that he used a very similar set in the talks he gave at the company where he worked. He then introduced himself: it was Gordon Petrash, the head of intellectual asset management at Dow Chemical." It was a meeting to be quickly followed by a further introduction, as a writer from *Fortune* magazine, researching an article on intellectual capital management, put Sullivan in touch with Leif Edvinsson, intellectual capital director at Swedish financial services company Skandia. Like Petrash, Edvinsson was charged with finding ways to capture and then convey the value of the intangible assets his company owned. "After years of working in isolation we were all beginning to find each other," Sullivan says.

And it was the beginning of the breakthrough. A year later, seven companies sat around a table in a room in Berkeley, California, to talk about the way they managed their intangible assets. The Gathering was born.

Thought-leadership

These days there are many IP-related organisations with thousands of members across the world. But over the last 12 years or so there has probably not been any more influential a grouping in terms of shaping the way in which people think about their intellectual assets than The Gathering; this despite the fact that it can only be described as small. At any one time, membership of The Gathering is restricted to between 20 and 25, with those invited to sit round the table primarily senior executives from major corporations that have already looked closely at the way they can use intellectual assets to build value. This emphasis on quality rather than quantity has helped the group to a major thought-leadership role as intangibles move inexorably to the centre of corporate strategy.

Many of those working in the field of IA management, for example, will be familiar with the five-point hierarchy of intangible value best practices. In this, Level One represents the use of IP law as a defensive tool designed to prevent competitors from using proprietary rights. After a time, many companies will move to Level Two, which focuses on cost control and looks at how filing costs can be lowered while retaining the effectiveness of the IP portfolio. Level Three is more sophisticated still and involves IP becoming a profit centre inside the company, with attention focusing on how rights can be leveraged to create bottom-line return. At Level Four, IP ceases to be a standalone department and starts to integrate with other profit centres inside the organisation, while overall value increases as other intellectual assets begin to get factored into the equation. Finally, companies get to Level Five, at which stage IP and IA are so ingrained inside the overall organisation that they can be used to spot potential trends and create business opportunities.

The hierarchy best practices were developed during meetings of The Gathering, based on the experiences of its members. It was described by Harrison and her co-author Julie Davies in the seminal book *Edison in the Boardroom*, published in 2001. "The Gathering meetings and the discussions helped us to define terms and also identify the broad frameworks within which the leading companies work in this area," says Harrison. One of the companies covered

extensively in the book was Dow and Nancy Schrock, Senior Director of Intellectual Capital Management for Dow Chemical, is in no doubt that it was a hugely beneficial exercise. "All the discussions leading up to *Edison in the Boardroom* were probably the most tangible benefit we have got from our membership of The Gathering," she says. "As we were working out how to develop IAM capacities inside the company, we were able to work off other Gathering members and to bring in concepts from elsewhere."

Simple structure

The Gathering works in a very simple way: three times a year, the members get together for a couple of days to identify future challenges, discuss current issues, share and discuss leading practices and, sometimes, listen to guest speakers. A convivial atmosphere is ensured, explains Harrison. "People look forward to coming to meetings and we make sure they do by providing good food and excellent wines," she says. But it is not only the fine fare that draws people back time and again. "Everyone is committed to creating leading practices. Because we have been doing this for 12 years, the trust level is very high, which allows us to ensure all ideas are looked at equally," Harrison says.

The format is one that appeals to Bruce Story, Senior Director of Intellectual Capital Management for Critical Capabilities, Licensing and Expanding Geographies at Dow. "It has helped us develop concepts of both intellectual asset management and then intellectual capital management. We have been able to learn about ideas from other industries and other parts of the world, and adapt them to a bricks-and-mortar company like ours," he says. It's a similar story from John Raley, an intellectual asset manager at Cargill. "Listening to the experiences of others, plus sharing our experiences and having others comment, is a great way to increase the depth and breadth of understanding and knowledge of intellectual assets management," he says.

Discussions, Story explains, are not about the nitty-gritty of everyday management, but are instead focused at a higher level. "There is really intensive dialogue between members at meetings and this is very conceptual in nature. We tend to talk about the philosophies that lie behind ways of doing things, rather than looking too specifically at the hows." Schrock concurs: "None of us discuss the specific tools we are using to deal with a problem; instead we focus on the concepts behind them," she says.



Pat Sullivan
Co-founder of The Gathering



John Tao
Director of Corporate and Technology Partnership, Air Products

Corporate membership of The Gathering

Air Products; AT&T; Avaya; Ballard; Bridgestone; Cargill; Contentguard; Dow; DSM; DuPont; Eastman; Hewlett Packard; Johnson; Microsoft; Nissan; Northrop Grumman; Procter & Gamble; Rambus; Seagate; Thomson; Visa

In addition, the Canadian Institute of Chartered Accountants and Denmark's Ministry of Economic and Business Affairs are members.



John Raley
Intellectual asset manager, Cargill

Learning from each other

Another company to have profited from its involvement in The Gathering is Air Products. John Tao is Director of Corporate and Technology Partnership at the company. He explains how being involved has helped him develop the IA function. "The interactions we get with our peers at Gathering meetings is a true benefit with regard to issues such as best practices, new IA tools and organisation techniques," he says. Tao has been able to benchmark against other Gathering companies and the CTO from Dow even made a presentation to the Air Products executive committee, stressing the benefits of active IA management in helping to align internal strategies and extract value from intangibles more successfully.

It is probably not entirely coincidental that Air Products now has an IA management structure that, in many ways, closely resembles the one that is in place at Dow. "We have a centre of excellence for intellectual asset management, but each business inside the company also has its own IAM team – there are about a dozen of these made up of people from my group, as well as areas such as marketing and legal," says Tao. Each group, he continues, is tasked with helping its business find the most effective ways of extracting value. IAM subscribers will recall a similar concept of a central and devolved IA management structure at Dow described in issue 11 of the magazine ("The Dow dynamic", pages 25 to 29). And like their contemporaries at Dow, Tao and his team have enjoyed a great deal of success. "We started small and showed very quickly that we were able to make money. We broke even after three years and are now working on a 50% profit margin," he says.

It is a similar story at another Gathering member, Cargill. "Intellectual asset managers are embedded within business units and technology groups to work closely with management to identify, create, protect and leverage intellectual assets," says Raley, who joined the company in 2005. These intellectual asset managers, he explains, operate at the intersection of business, technology and law and have strong working relationships with all of those functions.

But as with Dow and Air Products, there is a central IAM function as well – the Corporate Intellectual Assets Management Center of Excellence. "This group works to identify economies of commonality across the IAM function," Raley says. "While the IAM role is customised to best fit the needs and opportunities of the business or

technology group where the IAM person is located, there is considerable value, efficiency and effectiveness to have things such as common processes, tools and education coordination identified, developed and propagated by the Center of Excellence."

Raley believes that membership of The Gathering has been a significant help to Cargill in its efforts to build up its IA management capabilities. "The best way of doing things will inevitably come to pass at some stage, but The Gathering has been a huge accelerator for us," he says. "There have been lots of stones that we have not had to trip over because of it."

Moving on

But it's not just organisational issues that are discussed when The Gathering convenes. Instead, the conversations cover a wide range of subjects. One area that members are increasingly focusing on is the emergence of India and China as serious players in the technology marketplace and the challenges their very different cultures pose to traditional concepts of IP and IA management. Another subject that is never far from consideration is the development of best practices in the area of open innovation, while patent reform in both the US and Europe is also high on the list.

And now, The Gathering has an offshoot – The Gathering 2.0 (www.gathering2.com). While the original will continue in its present form as a high-level thought-leadership programme in which membership is by invitation only, The Gathering 2.0 has a much wider role, in which education is a primary aim and the main medium of communication is the internet. "We have been asked many times by many people to share the knowledge we have developed over the years," says Harrison. "While we have been able to do this to an extent through books, articles and public speaking, none of these is a truly global medium. The Gathering 2.0 is going to enable an open conversation, which will allow people from all over the world to talk and share ideas with each other." It is a prospect that excites John Raley.

But whatever they talk about, says Harrison, there is one fundamental that all Gathering members agree on. "We come at it from a very simple standpoint," she explains. "What we are talking about are not just legal rights. They are business assets. And when you understand this idea and begin to act upon it, you are able to create extraordinary value." And this is an idea that, thanks in no small part to The Gathering, now resonates across the world. ■