

# Tapping into CIPO expertise

The CIPO Manifesto Working Group held its second meeting at the IP Business Congress in Munich. Its focus was on identifying best practices in IP value creation

By Joff Wild

On Sunday 20th June, a group of chief IP officers got together for the second meeting of the CIPO Manifesto Working Group. They were: David Berdan, Invista; Joe Beyers, Ambature (formerly at HP); Bill Elkington, Rockwell Collins; Paul Fehlner, Novartis; Wulf Hoeflich, EADS/Airbus; François Jamet, IdVectoR (formerly at France Telecom); Wim Klop, DSM; Ruud Peters, Philips; Béatrix de Russé, Technicolor (Thomson SA); Andrew Sant, Crown Technology; and Joseph Villella, Infineon. The CIPOs were joined by eight IP industry experts: Jens Bördin, CIP Professional Services; David Brown, Thomson Reuters; Bo Heiden, Qatar Science & Tech Park; Michael Lasinski, 284 Partners; Ron Laurie, Inflection Point Strategy; Ada Nielsen, LES USA & Canada; Ulf Petrusson, CIP; and David Yurkerwich, Charles River Associates.

During the course of the afternoon, under the leadership of Luke Hohmann, CEO of the Innovation Games Company, the CIPOs and the experts played a series of innovation games designed to explore a range of issues around corporate IP value creation and communication, and to identify best practices.

Back in April, IAM magazine and The Innovation Games Company had devised and hosted a series of online games in which members of the global IP community were asked to identify the best practice issues they wanted the working group to

explore in Munich. As a result, the following four topics were selected:

- IP strategy in business. Best practices for working with senior management to improve their understanding of the strategic use of IP assets.
- Improving realisation of IP. How CIPOs demonstrate that well-managed IP programmes can increase corporate market value.
- Increasing IP licensing revenue. The ways in which CIPOs can help to maximise licensing income and manage expectations of this.
- Engaging the workforce. Ensuring that the entire workforce is properly educated about and engaged with creating, protecting and leveraging corporate IP assets.

While it would have been possible to speak to each CIPO and the other attendees individually to get their thoughts on these issues, putting them in a room together to play innovation games speeds the process up, guarantees interaction and allows for views and ideas to be expressed, challenged and defended. In turn, this facilitates the emergence of consensus around best practice. In short, rather than us asking the questions, collecting the answers and then working through them to identify common strands, what Hohmann describes as “serious gaming” allowed those taking part in this year’s working group to do it for themselves. As they know their jobs better than anyone else, what could be better?

The working group meeting lasted three very lively hours. Among other things, participants had created images of the nightmare CEO, CFO, CTO, CMO and CIPO, and then explained what had inspired their artistry; and had each advocated their top IP realisation and licensing strategies, which were then voted on by all those in the room

1. **Luke Hohmann** explains how one of the innovation games will work

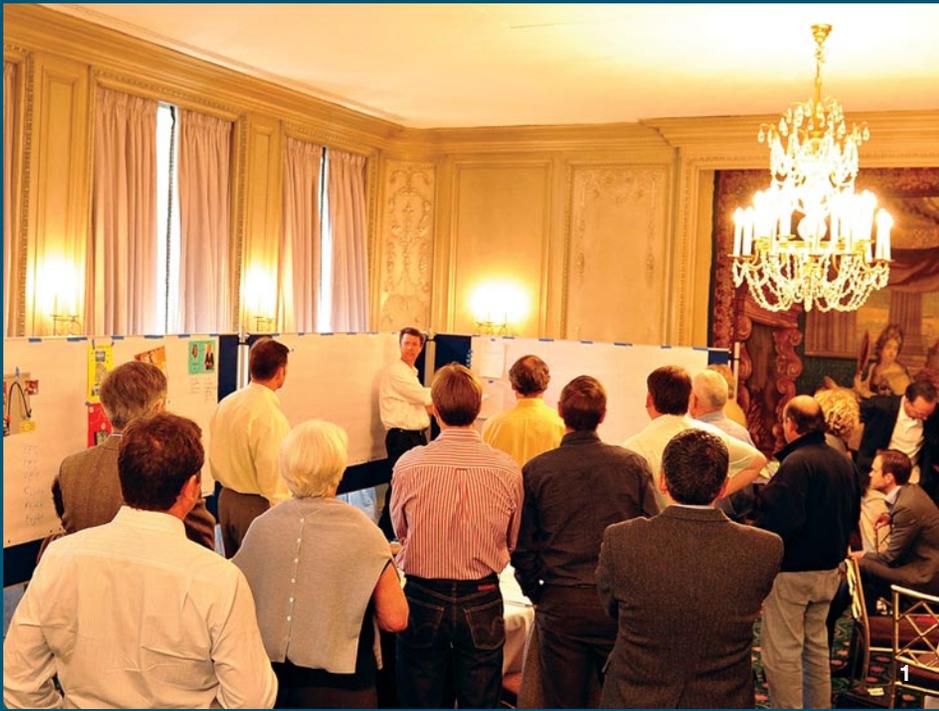
2. **Joe Beyers** of Ambature makes a point

3. **Ruud Peters** in discussion with fellow CIPOs

4. **Wulf Hoeflich** of EADS gets creative

5. **Wim Klop** of DSM in full flow

6. **Ada Nielsen**, President of LES USA & Canada, pitches a best practice



in order to identify best practices in these areas.

Armed with what the group had done, as well as with notes taken by three observers – Sara-Jayne Clover and Nigel Page of *IAM* magazine, and Lee Caffin of Think IP Strategy – Hohmann then prepared a detailed report of the event and its main findings on the four topics. These are reproduced in an edited form below.

**IP strategy in business**

- The single most important best practice as voted on by the CIPOs in the session was the establishment of a meaningful voice of the customer market research programme. Ada Nielsen noted that it is only by consistently identifying and efficiently fulfilling unmet market needs, and using market sensing and understanding techniques, that companies can thrive.
- CIPOs must learn to speak many languages when working with business leaders. They must speak in financial terms to CFOs; technology terms when talking with CTOs and VPs of engineering/R&D; strategic terms when talking with CEOs; and so forth. More generally, speaking in the language of IP is unlikely to drive powerful results.
- CIPOs must be careful of getting too full of themselves. Specifically, CIPOs often has a more formal and rich educational background than peers and can often, and sometimes inadvertently, think of themselves as more important than they are. This relates to the next point, about empathy.
- We know and can accept that proposals for managing IP assets must be clear and concise, and must be framed in business terms, including a discussion of a positive and beneficial ROI. But the best CIPOs go further than this. They can empathise with their peers and use this empathy to address the very real but often unstated issues associated with IP in business.
- Joe Beyers emphasised that CIPOs can usually meet the needs of any one organisational unit. The real challenges and problems lie in managing the often competing interests of multiple organisational units.
- CIPOs need to make certain they know where they don't need to invest in IP. Not every strategic initiative is equal in importance.

**Improving realisation of IP**

- The simpler the strategic thrust of the



IP, the better. If you can't easily and directly correlate the focus of your IP with the focus of your company, you're going to be perceived as wasting money.

- Measure the value of your IP portfolio in two ways: direct cash produced and indirect value creation. In general, keep the emphasis on direct cash production.
- Make certain you include a broad perspective on your portfolio business model. Include patent licensing, standards licensing, patent sales, brand licensing, technology licensing and so forth. And while cash generation is truly important, it must be balanced with the need to maintain a flexible approach to portfolio management.

1. **Ron Laurie**, Inflexion Point Strategy, draws the CIPO from hell
2. **Andrew Sant**, Crown Technology, with his model of a demon CMO
3. **David Berdan**, Invista, makes his best practice case
4. **Béatrix de Russé** (Technicolor), a partially hidden **Lee Caffin** (Think IP Strategy), **Ruud Peters** (Philips), **Paul Fehlner** (Novartis) and **François Jamet** (IdVectoR) cast their best practices votes



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- Establish joint development efforts with customers. As one CIPO characterised it: “Customers have an insatiable appetite for innovation and IP.” Also known as open innovation, if you’re not engaging in some kind of joint development, you’re simply missing a proven practice to creating breakthrough results.
- Keep IP at the forefront of the corporate strategy. Make sure the CEO and CFO are getting the message on the importance and value of IP in financial reports and analyst briefings.

**Increasing IP licensing revenue**

- CIPOs that are most successful think in multiple timeframes when it comes to managing their portfolio, with a mix of near-term and longer-term deals that help them drive revenue and profit. Timeframes that were considered to be best practice included a focus on revenue produced within the current fiscal year and revenue produced within the next five years, with an emphasis on periodic review of the revenue producing elements of a total portfolio.
- One of our CIPO experts emphasised that established companies have significant brand equity that they are simply not leveraging, and that thoughtfully engaged marketing and branding programmes produce stable royalty streams and are not subject to the same pressures and complexities of patent licensing. So, the best practice here is to consider licensing both product and corporate brands.
- You can’t license what you don’t market. Quite simply, the most skilled CIPOs don’t focus on licensing. They treat their IP as a product and understand that marketing this is as important as creating it.

**Engaging the workforce**

- The CIPO should be the producer of the programme that engages the workforce because it must be shown that this supports corporate strategies. Other key roles include the CEO being the primary communicator, with other departments – notably HR (education), CTO (creation) and CFO – pitching in and helping the CIPO in the programme’s execution. Finally, it was stressed that the CIPO is not the project manager, and that the ongoing management should be delegated to others.
- Incentives and recognition rewards work. And while it appears to be



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common knowledge that these work, it is surprising the number of CIPOs who have not yet implemented such programmes.

- Cross-functional programmes produce better and more durable results. They are also more enjoyable to participants. ■

**1. Bill Elkington** (Rockwell Collins) creates his CEO nightmare vision

**2. Luke Hohmann** does the counting as **Wulf Hoeflich** and **Bill Elkington** vote

