

Review and Challenge

It is good practice for an executive committee to routinely be given sight of, and challenge, both how effectively the organisation's intellectual property and knowledge assets are being managed, and the alignment of these assets to business strategy.

The following are signs of an organisation that has an effective system of intellectual asset monitoring in place:

- ↗ A regular review is carried out to assess whether the intellectual property and knowledge portfolio is capable of sustaining, or enhancing, margins and market position (as opposed to, for example, simply determining whether the rate of patenting is comparable with industry norms).
- ↗ A regular review is carried out to monitor the maturity, or quality, of the organisation's intellectual property and knowledge management.
- ↗ Business strategy recognises the influence of the organisation's intellectual asset portfolio, and changes in the quality of the intellectual asset portfolio are visible to those developing business strategy.
- ↗ The costs and risks associated with intellectual property management are visible, and carried in such a way that they inform rather than distort decision making.

Monitoring the maturity of the organisation's intellectual asset management : This can make use of existing frameworks, such as EFQM, or a bespoke system. Areas for review/assessment should probably include:

- ↗ **Accountabilities** : Has a clear intellectual asset policy been implemented, with a matching accountability framework identifying consequential management actions and their ownership?
- ↗ **Decision-Making** : Do the organisation's key decision-making processes and bodies receive information on, and take due account of, both the sufficiency of any proposal's intellectual assets and the quality of their management?
- ↗ **Strategy** : Is the organisation's intellectual asset strategy aligned with, and supportive of, business strategy?
- ↗ **Management Processes**: Are intellectual asset management processes in place as required to ensure these assets are developed, protected, maintained and shared as appropriate?
- ↗ **Review and Challenge** : Are reviews carried out and appropriately reported to highlight the health of the intellectual asset portfolio and the quality of its management?
- ↗ **IP/KM Function(s) - Specialists** : Are individual IP/KM specialists' technical skills, and visibility within the business, satisfactory?
- ↗ **IP/KM Function(s) - Department** : Is the IP/KM function robust, of adequate size and appropriately accountable?
- ↗ **Training and Guidance** : Do employees at all organisational levels have access to the training and guidance necessary to discharge their role in the management and protection of the organisation's intellectual assets?

Performance can be measured using a mixture of hard targets (where qualitative judgements are being made by subject matter experts) or softer targets (such as whether employees believe they have the support/training they need to carry out their duties). Both types of

measure are important, and where there is a business-critical weakness then appropriate targets can be set.

The results of this type of review can be presented in a simple, readily understandable format, such as that shown here.

However, KPIs and other targets need to be chosen with care, as the performance gaps they identify can receive disproportionate management attention and waste scarce resources. Targets should only be set once a holistic understanding of the role of an organisation's intellectual assets has been determined.

Theme	Status	Key Findings and Actions
Strategy: Is the IP strategy aligned with, and supportive of, business strategy?		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
IP Function - attorney: Are the attorney's technical skills, and visibility within the business, satisfactory?		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
IP Function - department: Does the IP function provide the supported needed by the individual attorneys and the business?		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
Decision-making: Do key decision-making processes and bodies receive information on, and take due account of, both the sufficiency of any proposal's IP, and the quality of IP management?		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
Accountabilities: Has a clear accountability framework been implemented which identifies key IP management actions and their ownership?		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
Management Processes: Are management processes in place as required to ensure intellectual assets are developed, protected, maintained and shared as appropriate.		Ssfdlssjd sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
Review and Challenge: Are audits carried out, and appropriately reported, to highlight the health of the IP portfolio and the quality of its management?		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.
Training and Guidance: Do employees at all organisational have access to the training and guidance necessary to discharge their role in the management and protection of the organisation's IP.		Gjlsd. hghghg sfdsfdfsfd dsd kkkas q sdfsdf sfdsfd assjkl. Ssfdl ssfdl ssl wwlj dfdjj sssl ldsfdj sfdsfdsd.

Risks and liabilities : It is clearly important that risks and liabilities are visible and carried in such a way that they inform and do not distort decision making. For example:

- ~ An organisation will need to decide when it will provide intellectual property related warranties, guarantees and indemnities to its customers and licensees. These liabilities are often uncapped so clear approval routes need to be defined and made visible.
- ~ Where an organisation commercially exploits, sells or offers to sell a product or service in violation of a third party's valid intellectual property rights (IPRs), then it has committed an act of infringement. Although the damages awarded by infringement actions can sometimes seem excessive (especially in the US), in many situations the most significant cost is lost management time and the damage to relationships with key stakeholders. A freedom-for-use review is a process that will help identify any third party IPRs that would be infringed during the commercial exploitation of a given product or service. All organisations should decide as a matter of policy which type of activity, if any, should be subject to such a review.

These types of risk, associated decisions, and consequential expenditure, are often invisible to the activities they underpin. This is clearly not a tenable position and, for example, a project's full IP costs (e.g. patenting costs and the cost of freedom-for-use reviews), together with risks (e.g. warranties) should be visible to its approving body.

Alignment of the intellectual asset portfolio : There are various tools that can be used to capture the alignment of the organisation's intellectual assets to business strategy. This theme is addressed in a separate note <http://www.ip-am.co.uk/Downloads/Valuation.pdf>.

Recognising the role of intellectual assets in meeting existing business targets : The role intellectual assets play in achieving business targets should be highlighted and recognised in the organisation's general Critical Success Factors, targets and KPIs. For example, the impact of the intellectual property portfolio should be taken into account when monitoring the rate of customer retention, while financial projections should recognise the risks associated with weaknesses in the intellectual asset portfolio, i.e. IP risks and costs should be integrated into existing monitoring systems, where possible.