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Introduction
Towards a CIPO consensus

In the old days, to be the head of intellectual property at an organisation probably meant looking after its filing operation, ensuring the renewals were done on time, deciding when and where to enforce, and keeping an eye out for the latest legal developments. How times change.

Over recent years there has been a discernible shift in the job that IP heads inside strategically focused, IP-aware businesses are being asked to do. This chimes with a shift towards viewing intellectual property as something that encompasses a lot more than a few narrowly defined legal rights. Instead, as IP value creation and management become more mainstream concepts, so a growing number of senior corporate IP professionals find themselves not only looking after everything that their predecessors did, but also taking on many more responsibilities. These may include some or all of the following:

- ensuring that they are familiar with what is happening on the regulatory and political front, nationally and internationally;
- seeking to understand non-governmental organisation agendas and how these may have an impact on their companies' intellectual property;
- forging a strong relationship with the media;
- directing and/or taking part in lobbying efforts for their individual companies and with trade organisations;
- keeping up to date with the latest IP management thinking and implementing appropriate IP value-creation strategies for their companies;
- talking to shareholders and analysts about their companies' IP strategies;
- ensuring that IP strategy is aligned with overall corporate strategy;
- focusing not only on intellectual property, but also on intellectual assets and intellectual capital — and appreciating how these things all differ from each other;
- generating direct income from intellectual property;
- staying informed about the latest IP-based financing techniques;
- evangelising for intellectual property internally and externally;
- helping to set research and development targets and budgets; and
- talking directly to the board about intellectual property.

It is not in one or a few particular industries where such skills are important; it is in any that you care to think about. And as the in-house IP manager's role and responsibilities have started to expand, so a new job title has begun to appear — that of the chief intellectual property officer (CIPO). While the specific job title is not in itself important, what it symbolises is the way in which the view of intellectual property inside forward-thinking businesses is beginning to change.

Understanding the CIPO role

What is also notable about the CIPO role, however, is how little study it has provoked. In an attempt to shed more light on what is happening out there, in June 2009 a number of prominent CIPOs and IP thought leaders were invited to attend the inaugural meeting of what was termed the CIPO Manifesto Working Group. It took place in Chicago just prior to the start of *Intellectual Asset Management (IAM)* magazine's IP Business Congress.

Innovation games

Those attending the meeting were asked to take part in a series of interactive innovation games, led by Luke Hohmann, chief executive officer of Enthiosys Inc (www.enthiosys.com). These were specifically designed to explore the ideal CIPO profile and the organisational environment within which the CIPO should operate, as well as the responsibilities that should come with the role and the metrics by which CIPO performance should be measured.

This was something that we could have attempted by conducting individual interviews with leading figures. But that takes time and also reduces the scope for

previously unconsidered issues to emerge. What Hohmann terms 'serious gaming', on the other hand, gives much more flexibility and, because a group is involved, allows for a lot of high-quality data to be collected quickly.

"I think people are naturally creative and inventive," Hohmann says. "The trick is to understand the problem they're trying to solve. The intention of the games is to create a context to enable you to use your own natural creativity to understand someone's needs or issues and solve the problems they have." The games use both the left and the right side of the brain, Hohmann explains. Some people are more verbally dextrous, others are more comfortable expressing themselves pictorially. By incorporating both these elements, the games are expansive and inclusive. "Another reason the games work so well is the high degree of open-endedness; we don't say that there's a right or a wrong answer," Hohmann continues. "People can quickly tell that this is the case and so figure out that it is all about exploration; as a result they join you and get excited. What happens is people become engaged. The point of the engagement isn't to have fun, but to have what we call serious-fun. It's a game designed to solve a complex problem."

The cynical might regard this as just so much management-speak. But the plain fact is that it works. "The effect of the games was to have some of the leading intellectual property management professionals in the world express to one another how they do things and, more importantly, why they do things," says Ron Laurie, chairman of Silicon Valley's Inflexion Point Group. "In many cases, it was the first time these individuals had the opportunity to interact with their peers in respect to how they approach intellectual asset management."

The meeting, Laurie states, created a setting in which those present could explain, defend and discuss issues that are often intuitive to them and, as such that they have probably never really thought about. "This was a way for them to interact in a very unstructured way – at least, unstructured in terms of how they usually deal with their peers – and in a way which let them really get at this base of intuitive knowledge," he concludes. Carl Horton, head of intellectual property at GE, agrees: "I found the session very useful because I personally don't have a lot of opportunity to go into that level of depth with people in a similar position to myself. And if I ever

CIPO Manifesto Working Group participants and the games they played

	Group 1: CIPOs	Group 2: Industry experts	Group 3: CIPOs
Members	• Beatrix de Russé, Thomson • Marshall Phelps, Microsoft • Carl Horton, GE • Bill Elkington, Rockwell Collins • Erin-Michael Gill. OQO Inc	• Todd Dickinson, AIPLA • James Malackowsi, Ocean Tomo • Ulf Petrusson, CIP Gothenburg • Shinjiri Ono, Yuasa & Hara • Ian Harvey, IP Institute	• Damon Matteo, PARC • Peter Cicala, Shire Pharmaceuticals • Ruud Peters, Philips IP & Standards • Anne Culotta, Halliburton • Scott Frank, AT&T • Wayne Sobon, Accenture
Game 1	*Spider web* focused on the internal relationships that exist between a CIPO and other parts of the business.	*Spider web* focused on the external relationships that a CIPO must understand and manage to be effective.	*Speed boat* to identify the critical issues (anchors) that prevent CIPOs from realising success in their jobs.
Game 2	*Product box* focus on identifying an idealised CIPO as of July 2009.	*Prune the product tree* focused on the evolution of the CIPO role within an organisation.	*Product box* focus on identifying an idealised CIPO as of July 2015.

Observers: David Brown of Thomson Reuters, Duncan Bucknell of Duncan Bucknell Company and Sara-Jayne Adams and Nigel Page from *IAM* magazine

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do it informally, it tends to be with companies very much like the one I’m in. So it was very useful hearing from small companies, academics and others that bring a very different perspective.”

Playing the games

The 16 people invited to attend the meeting were split into three groups: two were made up of current and former CIPOs, and the other was composed of influential IP thought leaders. The groups played two games and took part in several more exercises; after each one there was collective discussion of the results. The groups were followed by observers — David Brown of Thomson Reuters, Duncan Bucknell of Duncan Bucknell Company and Sara-Jayne Adams and Nigel Page from *IAM* magazine. The observers’ job was to write down anything that they thought was important in what they saw and heard.

Bill Elkington’s group, for example, played the *Spider web* game, which focuses on the relationships that a CIPO develops inside the corporation. The group’s participants ended up agreeing that the CIPO function will often be very dependent on the size of the company in which it is performed. “The role of the CIPO is quite variable — that really came across quite strongly,” says the senior director of strategic research at Rockwell Collins. “For example, in a company the size of Microsoft the CIPO is going to be more into policy issues; whereas the guy in the start-up is more into individual invention and about making sure the patent claims are correct. The role clearly differs from company to company.”

The most significant exercise for several of the CIPOs was one in which they were given a blank box and asked to model it as a cereal packet that explained their personal skill sets and the benefits of investing in these. “It was fun and a bit right-brain to think about packaging up the CIPO role as a product, as we did with the box game, rather than thinking about it in terms of a résumé or a person. It was an interesting look at what are the key characteristics or qualifications of a CIPO,” says Wayne Sobon, director of intellectual property at Accenture.

Lessons learned

Over the course of four and a half hours a great deal of data and insight was collected. However, in broad terms, a few major themes had become very evident by the end of the afternoon. First of all, for most of those present the CIPO title itself was not significant. It does not actually matter what the job function is called; what is important is the job that is being done. Says Elkington: “When our group talked about the CIPO title, [Microsoft’s] Marshall Phelps bristled and said that the title doesn’t mean a thing, rather, it’s the function that matters. I think he led the group to agreement on that.” But not everyone signs up to Phelps’s view. “Most people just dismiss the issue as unimportant: that it doesn’t matter what you call the position so long as you have the right authority and influence. But in my experience, one of the things that helps to ensure you get the right influence and authority is the message that is conveyed by your title. Titles are important in organisations,” Laurie states.

More significant, though, is whether it is really worth worrying about the CIPO role at all when the vast majority of companies have only the sketchiest notion of what intellectual property is all about. To appoint a CIPO, you need to understand intellectual property. Most companies do not understand intellectual property and so are not close to being in a position to bring in someone whose role is to maximise

Key insights from the CIPO Manifesto Working Group meeting

As part of the report that he compiled following the CIPO Manifesto Working Group meeting, Luke Hohmann of Enthyiosys Inc summarised some of the key points which he felt had emerged. An edited version of this is reproduced below:

- The CIPO is an emerging role. In terms of the 'S-shaped curve of adoption', the CIPO role is primarily associated with visionaries.
- The CIPO is NOT a legal role. While the ideal CIPO has some legal experience or a legal background, the cross-disciplinary and strategic nature of the role requires the CIPO to be a business strategist and not a general counsel.
- The CIPO must be comfortable with creating the structures, processes and metrics that define success within the organisation.
- There is no formal path to becoming a CIPO. It is a mix of (primarily) formal legal experience along with a significant amount of on-the-job training.
- The CIPO must be passionately articulate in describing the role to the chief executive officer, the board and the executive staff. The CIPO must not let IP matters be quietly handled, but must instead integrate intellectual property into the fabric of corporate strategy and execution.
- The degree of centralisation/decentralisation of the CIPO is a function of the larger prevailing corporate culture. Most participants agreed that a centralised strategy that aligns with overall corporate strategy with decentralised IP creation and management, with similarly decentralised budgets, is the best combination for success. Our data also suggests that when we mean a decentralised structure, we mean that the CIPO is working with business unit leaders that have fully functioning organisations (eg, marketing, sales, finance – such as Aircraft v Transportation at GE). A centralised structure is characterised by the CIPO working directly with the heads of functional groups within a small (one to three) number of business units (eg, the CIPO works directly with the vice president of engineering, chief technology officer and chief financial officer).
- Perhaps more important than the centralisation/decentralisation structure question, the participants felt that the successful CIPO must be capable of first establishing a compelling vision and then working towards it with concrete, measurable and provable deliverables. Participants noted that this requires balancing the long-term nature of intellectual property (eg, securing a patent) which often conflicts with the shorter timeframes of quarterly earnings reports.
- Valuation of IP assets and getting intellectual property on the balance sheet remain the biggest financial, and quite possibly the biggest overall, challenges facing CIPOs. This is distinct from the misguided expectation that the primary role of the CIPO is either to increase licensing revenue or to reduce corporate IP risk.
- Participants noted that newly instituted CIPOs must develop their organisations through a very clear maturity model, focused on developing capabilities in the following sequence:
  - technical competencies in IP litigation, licensing and protection;
  - integration into the company through research and development, open innovation, business models and strategic planning; and
  - expansion internally and externally, focusing on finance, market expansion and global issues.
- Our CIPOs identify quite strongly with their role. When asked to identify their ideal CIPO, they used many standard and expected descriptions: strategic thinker, broad base of skills, deep domain expertise. But, perhaps surprisingly to some who do not understand the role, during the games we found participants using words and phrases with high degrees of emotion, including 'love', 'passion', 'fearless' and 'trust'.

its value. On top of that, most companies are probably not big enough to have a CIPO in the first place.

However, if you accept that the CIPO nomenclature itself is not that important, in the same way the appointment of the CIPO is not that important either. Instead, what matters is what the CIPO position encapsulates – a certain way of looking at intellectual property and a focus on value and strategic alignment with the rest of the business.

"If you are going to really fulfil the potential of the CIPO role, you have to be able to analyse and describe what it is," says Ulf Petrusson, director of the Centre for Intellectual Property in Gothenburg, Sweden. "Most people will need a lot of convincing and so an evangelical approach to describing what this is all about is necessary. For me, this is quite obvious if you are going to move from a more traditional role of looking after the patenting and the licensing towards a new business model in which people

have to be entrepreneurial." A business does not need to have a CIPO to aspire to do what a CIPO can enable. What it does need, however, is an IP-related vision and strategy. By looking at the work that CIPOs do, both can be developed. On top of that, the CIPO role is something around which to build future IP-related educational programmes in business schools and universities.

Moving forward

That is also why it is important to go beyond the 'what' to the much more important question of the 'how'. Those companies that now employ CIPOs, or something similar, did not always do so. So how did change come about? Once you understand that, it provides a much stronger insight into how change can be brought about in other organisations. Says Elkington: "I think we ought to get out of the idealised world and into the actual world, and begin to articulate the differences in the knowledge bases, skill bases and capabilities that differentiate the CIPO from other functions in the corporation." It is when you start looking at these things, he continues, that you really begin to understand the potential breadth of the CIPO role: "For me, part of the interest and excitement of the exchanges was learning what others do in their companies and how different it is from what I do. It stimulated me to think that maybe I could be doing other things that I'm not doing today."

Case studies and real-life experience are one way in which to begin to bridge the all-too-frequent divide between those inside the IP bubble and those in the boardroom who remain steadfastly outside it. It's a simple case of turning theory into reality and demonstrating what can be achieved with a greater focus on intellectual property.

Another means of doing this, according to Horton, could be to take a much closer look at IP valuation. "Possibly the biggest challenge is going to be making IP relevant to the bottom line. We know it's important and we know it's valuable, but the problem is we can't always quantify it," he explains. "If you can't quantify IP in dollars and cents, then it doesn't find its way onto the balance sheet. So the people running the company – and the finance department – don't see it; so they don't appreciate it, so they don't know how to value it. If it's not valued then it's not going to be prioritised for the most part." It's a view that a number of those attending the meeting shared.

When you have people of the calibre of those who attended the CIPO Manifesto Working Group meeting exchanging ideas and comparing experiences, you have something very valuable. When you are seeking to bring about a change in corporate attitudes, the practical knowledge acquired by people who have managed, in some way at least, to show their boardrooms that intellectual property does matter is crucial. In Chicago, on June 21 2009 we were lucky enough to harvest a great deal of that knowledge. And what was particularly exciting is that there was a great deal of buy-in for continuing to explore this whole issue. Over the coming months, *IAM* and the CIPO Manifesto Working Group will be rolling out more initiatives and developing further projects, all designed to focus on ensuring that intellectual property assumes its rightful place inside the company boardroom. Keep a look out for these. And get involved.

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