



## STEP 2 - STRATEGIZE

If you really want to learn how to **strategically manage** your company's intellectual property portfolio, so that you can empower your company to discover, grow, and extract its full value, then this Guide was written for you.

### ***What you'll learn***

- ▶ What is strategy, and how is it determined?
- ▶ In what ways should your company's IP strategy be aligned with its business strategy?
- ▶ How can valuable innovations, know-how, and brands be converted into powerfully exploited intellectual properties that generate substantial and sustained profitability?
- ▶ Who should strategically manage your company's innovation process, intellectual assets, and IP?
- ▶ What are typical objectives for strategically managing innovations, intellectual assets, and IP?
- ▶ How can your company measure and nurture successful intellectual capital management?
- ▶ What ensures pronounced improvement of your company's innovation process, IP, and intellectual capital management?





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### Understanding Strategic Fundamentals

To understand strategic fundamentals, I start by answering the most fundamental relevant question: **What is strategy?**

*“Strategy can be defined as the determination of the long-run goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.”<sup>1</sup>*

Thus, considered most generally, strategizing involves:

1. evaluating the current situation,
2. defining an ideal future, and
3. planning or mapping a possible route to that future.

These general concepts are insightful, but what does it take to apply them in the IP context, that is, to strategically manage your company’s innovation process, its intellectual assets, and its IP?

Initially, your company’s top management must thoroughly understand and embrace the fact that IP is absolutely essential to the long-term well-being of your company. Thus, its innovation process and intellectual assets should be managed accordingly to ensure the company’s prosperity. That is, **your company must own the IP to own the profits**. This vital topic is covered in depth in my free Guide, [“Empowering Intellectual Property – Step 1 – Understand”](#).

Once top management is firmly on-board with this fundamental concept, it is truly ready to engage in high level IP strategizing.

Taking the above-described general strategizing steps a bit deeper, it becomes clear that any effective plan for empowering your company’s *strategic IP position* likely will provide significant guidance to **all** of the activities of your company’s innovation process, and potentially every activity of your company. In particular, your company’s *strategic IP plan* should integrate with and reinforce not only the creation, development, protection, retention, promotion, and exploitation of its valuable intellectual assets and their corresponding





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intellectual property rights, but potentially with all of your company's assets, along with your company's overall strategic plan.

Your company's strategic IP plan not only should fit well with your company's overall business strategies, but also should align with and reflect all of your company's directional statements, including its mission, vision, and core values.

For instance, your strategic IP plan might answer:

- *Does your company want to be a provider of goods and/or services, or does your company want to be a licensor of its IP, or both?*
- *Is your company willing to license its core IP to competitors, thereby earning money while raising the competitor's costs and spurring your company to continue innovating?*
- *Is your company agreeable to buying or licensing IP it needs but did not create internally?*
- *Has your company aligned sufficient backing to finance litigation if necessary to deter infringers?*

These challenging but important questions hint at the vital need to understand the myriad ways that IP can be exploited to extract value and profitability. I explore a sampling of my 70+ tactics for exploiting intellectual assets and properties in my free Guide "[Empowering Intellectual Property – Step 7 – Harness](#)". Go ahead and take a few minutes to review them now, as they will provide fuel for thought for the next topic, which involves exploring how your company might reach its ideal IP future.

### Identifying Strategic Routes

Unquestionably, there are a vast number of routes via which a desired IP future can be achieved.

For instance, consider know-how. Although trade secrecy can be used to protect know-how from disclosure, know-how also can be licensed to generate revenue, increase sales, and build alliances. Interestingly, oftentimes know-how is the most valuable intellectual asset





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in a “patent license”, for the licensed know-how often can provide the highly detailed and most current knowledge of how to optimally implement and/or commercialize the patented technology. Gaining a thorough understanding of such specific knowledge can allow the licensee to much more easily reach its development, production, and/or sales goals.

Of course, patents can be used for growing your company’s market share, revenues, and/or profits, excluding competitors from, e.g., making, using, and/or selling a particular innovation, and even thwarting a competitor’s planned market entry, growth, and/or strategy. Patents also can be profitably licensed, leveraged to gain rights to other’s innovations, or bargained in exchange for release of liability for infringing other’s IP rights. Patents frequently serve to enhance the technical reputation of your company and/or its innovators, attract new investors, customers, and employees, and provide a measure of your company’s value.

Another type of IP, marks, can symbolize and carry your company’s reputation, image, and goodwill, serving as a reminder of all that customers value about your company, its products, and/or its services, and what differentiates your company from its competitors. Managed carefully, marks and their associated intellectual property rights can be extremely valuable, both as exclusionary tools to keep copyists and competitors alike from cashing in on your company’s carefully crafted brands, as mechanisms for extending those brands to new goods and/or services, and as generators of licensing revenue from sales of goods and services even further removed from the core goods and services of your company.

And yet another form of IP, copyrights, can be used to protect your company’s valuable artistic creations, from its ad copy and jingles, to its photos, blueprints, computer code, and more.

In my free Guide “[Empowering Intellectual Property – Step 5 – Secure](#)”, I explore more details about the different types of IP protections, and how they can be used to secure your IP rights.

Yet it’s worth repeating that with each type of IP, exploitation can rely on any of numerous tactics, including preventing competitors from operating in a protected sphere, earning





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licensing revenues, encouraging alliances, or raising the perception of your company's value. Less visible, but equally important IP functions can include risk avoidance, such as preventing and resolving disputes, lawsuits, and related liabilities. And these examples only barely scratch the surface. As previously mentioned, I describe a sampling of my 70+ tactics for exploiting your company's IP in my free Guide, "[Empowering Intellectual Property – Step 7 – Harness](#)". Sorry to be repetitive, but if you haven't already done so, skip ahead and check them out now. You'll be glad you did.

### **Nurturing Strategic Implementers**

Once your company has decided on some of the specifics of its strategic IP plan, it is time to identify, recruit, and empower the people that will carry the responsibility for implementing those specifics. And who are those people? Generally, top management's deep commitment to optimizing your company's intellectual assets and IP will be shared, and put into meaningful day-to-day action, by your company's *IP Team*.

When fully empowered, your company's IP Team will fulfill several vital functions, including developing, filtering, protecting, and exploiting your company's intellectual assets to achieve optimal returns on its investment in those assets, consistent with the mission, core values, and strategic directions of your company, and in full recognition of market needs, trends, and opportunities, as discovered and shaped by your innovation process.

To properly manage these vital functions, your IP Team should be staffed with, at a minimum, deeply experienced managers, innovators, and IP legal counsel. Additional backgrounds that might prove particularly helpful include high-level representatives from your finance, research, and marketing functions. But regardless of the qualifications of your IP Team, its members will be responsible for sharing and applying their complementary talents, perspectives, and wisdom to guide your company to the best possible decisions regarding its innovation process, intellectual assets, and IP.

But of course, your IP Team can't do it all. Top management must stay intimately involved and must continuously champion your company's IP strategy. By creating, promoting, and maintaining a company-wide climate that cultivates strategically-meaningful innovations





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and encourages the recognition, protection, and respect of intellectual property rights, top management will ensure that all levels and functions of your company provide your IP Team with a growing crop of intellectual assets to reap, and help minimize the eruption of IP-related risks, liabilities, and disputes. The desired climate can be facilitated via, for example, a multi-pronged process that includes educating, inspiring, measuring, and rewarding your company's entire workforce. Let's briefly explore that process.

To optimize its innovation process, everyone in your company needs to continually expand their understanding of IP rights, requirements, and issues. This training can be provided via any of a wide variety of formats, ranging from written materials to highly informal and impromptu chats to formal classroom-style lectures or dialogs. The key is to keep everyone's knowledge of IP ever-expanding.

Coupled with educating your company's entire workforce is the need to inspire them to apply their solid IP knowledge. Simply put, management must regularly and frequently beat the drum to encourage all members of its workforce to create, disclose, protect, and respect innovations, intellectual assets, and IP.

Although I discuss each of these topics in later sections, it is worth noting that one great approach to generating innovations is via a 4 hour structured innovation session. Such innovation sessions easily can produce 10 to 20 valuable, protectable, documented innovations. I provide more information on planning and running these helpful sessions in my free Guide, "[Empowering Intellectual Property – Step 4 – Innovate](#)".

In summary, by nurturing your company's IP strategy, such as by building and empowering a highly-qualified IP Team, by educating your workforce on how to generate, secure, and respect IP, and by continually encouraging and motivating the desired IP-related actions, your company's top management will ensure that the foundation is solidly in place for your company to optimize its IP power.

### **Cultivating Strategic Implementations**

Once fully empowered, your IP Team will timely recognize, investigate, and contemplate all relevant facets of your company's business, technical, and legal positions, including





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its strengths, weaknesses, opportunities, and threats, while determining and seeking appropriate forms of IP protection for its most promising innovations and intellectual assets, and while avoiding and correcting corresponding vulnerabilities.

Your IP Team also will periodically evaluate each of your intellectual assets, including their expected costs, revenues, timings, and risks. Based on the pertinent risk-adjusted return on investment criteria that flow from those valuations, your IP Team will thoughtfully prioritize and timely thin your company's IP portfolio, thereby channeling funds to those intellectual assets and properties showing the most promise for substantial profitability.

In addition, your IP Team will research and recommend financial tactics, such as patent assertion insurance, IP-secured credit lines, and pre-paid IP licenses, so that your company has the financial muscle to enforce its IP rights when the time comes, thereby financially positioning your most valuable intellectual assets to realize their full potential.

Finally, your IP Team will help develop persuasive communications that highlight the benefits of its securely-protected IP, targeting known market needs and players, thereby setting the stage for successful exploitation of those assets.

I can help all along the way. As one example, my powerful IP auditing tools can help your IP Team inventory, log, and analyze all of your intellectual assets and properties. As another example, from an innovative concept's origin, to its protection via patent, to its emergence in the form of products/services and beyond, my unique custom databases can relate and track innovations across their entire life cycle. In addition, my *patent-pending* risk analysis software can help you avoid, spot, and correct vulnerabilities in your patent portfolio, and exploit those of your competitors. And of course, I have deep expertise and capabilities in securing, enhancing, and exploiting IP rights.

### Harvesting Strategic Value

Beyond substantial financial returns, the growing strength of its IP portfolio can highlight your company's innovativeness, skills, and market-centric focus, attract investors and early adopters to your company and its products, deter overly-aggressive competitors, attract cooperative business relationships, and/or provide further leverage in licensing





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negotiations. Functioning effectively and managed well, your IP Team will vigorously pursue the most promising of those opportunities while applying resources consistent with your company's mission, core values, and strategic directions.

To optimize the return on each of your company's investments in intellectual assets and properties, your IP Team's activities will include periodically evaluating, enhancing, and implementing value extraction opportunities, such as discouraging infringers, authorizing licensees, and divesting under-utilized intellectual assets and properties. Such value extraction opportunities might provide, for example, market exclusivity, with the attendant extraordinary profits and the power to obtain, when required, injunctions, seizures, and monetary damages against proven infringers. Other opportunities can involve negotiating the license or sale of related IP and/or intellectual assets combined with lucrative supply agreements, technical consulting, and/or know-how sharing. Some IP even can be used as collateral to fund other projects.

And this list only scratches the surface! I describe a sampling of my 70+ tactics for exploiting your company's intellectual assets and properties in my free Guide, "[Empowering Intellectual Property – Step 7 – Harness](#)".

### Enriching Strategic Resources

Not content to merely exploit your company's intellectual assets and properties, when fully empowered, your IP Team will ensure the continuous improvement of your innovation process, intellectual assets, and IP by sponsoring periodic audits of your company's intellectual portfolio, policies, and practices to identify, justify, and prioritize opportunities for improvement. These vital audits will not only enrich your IP strategy, but will also help assure that your company's IP power continues to be optimized across its entire portfolio of intellectual assets.

With top management's full support, your IP Team will shepherd your innovation process, encouraging your company to continuously:

1. research its desired markets;
2. innovate to satisfy unfulfilled market needs; and





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3. educate the markets about how your company's strongly protected innovations valuably distinguish its goods and services from those of your competitors.

Now that we've outlined the basics of how to create and implement a typical IP strategy, let's take a closer look, starting with determining where your company currently stands. I cover that topic in detail in my free Guide, "[Empowering Intellectual Property – Step 3 – Survey](#)".

#### Free Tips

Like my free Guides? Then [click this link](#) to sign-up to periodically receive, via e-mail, my free Tips for empowering your intellectual property.

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<sup>1</sup> *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*, Alfred D. Chandler, 1962, M.I.T. Press

