

# National Knowledge & Intellectual Property Management Taskforce

## Score Card Development Criteria:

- 1) **Distinct linkage to performance**
- 2) **Usability** (*functionality/utility/meaningful*)
- 3) **Simplicity**
- 4) **Safe** (*Participant willingness to share data in research effort*)

## Focus:

- 1) **Internal reporting for management & process improvement** (*initially*)
- 2) **External reporting later** (*on a more selective basis*)

## Process:

- 1) **Disaggregate to the levels where value is created on an incremental basis**
- 2) **Track over time to test & validate** (*Taskforce longitudinal research*)
- 3) **Develop normative constructs to be able to measure deviations**
- 4) **Develop general business measures**
- 5) **Develop industry specific measures**
- 6) **Enable companies to adapt models to their enterprise**

**Color Legend:** **Blue suggests primary measures.**  
**Black suggests secondary measures.**

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## Intellectual Capital Scorecard

### Sales (Revised 6/6)

*All entries represent global status unless otherwise indicated*

**DEFINITION:** Sales need to be defined in ways that truly reflect delivery of value to customers and identify transactions that are merely swaps or neutral delivery of value for customer use.

<p style="text-align: center;"><b>Financial Focus</b></p> <ul style="list-style-type: none"><li>- Revenue Growth</li><li>- Market Share</li><li>- Margins (higher premiums from new prod/svcs; lower costs from process improvements)</li><li>- ROCE (return on capital employed-internal)</li></ul>
<p style="text-align: center;"><b>Customer Focus</b></p> <ul style="list-style-type: none"><li>- Growth in Market share</li><li>- Customer satisfaction</li><li>- Customer/sales support cost (what effort is required to service &amp; satisfy the customer)</li><li>- Repeat sales (loyalty)</li></ul>
<p style="text-align: center;"><b>Human Focus</b></p> <ul style="list-style-type: none"><li>- Revenues per employee</li><li>- Earnings per employee</li><li>- Training (cost to meet or exceed skill level objectives)</li></ul>
<p style="text-align: center;"><b>Process Focus</b></p> <ul style="list-style-type: none"><li>- Product quality</li><li>- Strategic Product portfolio management (product line &amp; markets penetration)</li><li>- New opportunities (expanding the sale/new applications)</li><li>- Information tracking and analyses (knowledge management structure, practices, intelligence)</li></ul>
<p style="text-align: center;"><b>Renewal &amp; Development Focus</b></p> <ul style="list-style-type: none"><li>- Technology trends &amp; tracking (Product/Technology/Revenue/Profitability)</li><li>- Industry growth &amp; volatility</li><li>- IPR management integrated into internal business reporting/planning (ex. product design reviews, market planning, acquisition studies, extended business plans, etc.)</li><li>- Feedback from customers, vendors, distribution channels &amp; other stakeholders</li></ul>

**Intellectual Capital Scorecard**

**Corporate Governance: Management (Draft 6/30)**

*DEFINITION: The scorecard is comprised of six variables and their affect on corporate performance.*

- 1. Financial Performance is the traditional measures of value.*
- 2. Execution of strategy is the objective review of performance against plan.*
- 3. Human focus is the strategy to acquire, develop and deploy human capital in a efficient and sustainable manner.*
- 4. Process focus is the ability of the management team to consistently apply resources to solve problems and seize opportunities in an efficient and effective manner.*
- 5. Innovation, Renewal & Development is the ability of management to react to new competitive challenges and continually improve its delivery of value to customers.*
- 6. Shareholder focus is the ability of management to adequately and accurately provide relevant and reliable information and data to shareholders and capital markets that is measured as a composite of factors including shareholder rating.*

<b>Financial Performance</b>
- <b>Earnings per share</b>
<b>Execution of Strategy</b>
- <b>Meet earnings, market share and growth projections</b>
- Manage capital requirements
- Expanding customer base
<b>Human Focus</b>
- <b>Ability to attract and retain high performing employees</b>
- Objective oriented education and training programs
- Effective creative and problem solving processes for the inventor and troubled employee alike
<b>Process Focus</b>
- <b>On going appropriate, reliable and relevant use of information release on management changes, customer changes, litigation, etc.</b>
- Elapsed time from close of reporting period to report publication
<b>Innovation, Renewal &amp; Development Focus</b>
- <b>Product development times</b>
- Ability to manage to budget and time (project management)
- Business crisis response
- Expansion of technology and its applications
- Strategic alliances
- Vendor relationships
<b>Shareholder Focus</b>
- <b>Reliable information flow (positive and negative)</b>
- Capability to adjust to unforeseen events with effective strategies & tactics

## Intellectual Capital Scorecard

### Intellectual Property Rights: Licensing (Revised 6/12)

*All entries represent global status unless otherwise indicated*

**DEFINITION:** *Licensing is a process that is increasingly becoming a practice to exploit IP. It is an increasing element of the economy and a vital component of international theft and trade. Licensing in means to pay for the use of others IP to advance one's own technology or commercial base. (It can be used prohibitively to stifle competition.) Licensing out generates revenues to the owner of the IP.*

<p style="text-align: center;"><b>Financial Focus</b></p> <ul style="list-style-type: none"><li>- <b>Royalties as a percentage of total revenues</b></li><li>- License-in to license-out ratios (<i>in dollars/yr</i>)</li></ul>
<p style="text-align: center;"><b>Customer Focus</b></p> <ul style="list-style-type: none"><li>- <b>Renewals and upgrades</b></li><li>- Licensee's ability to exploit license</li><li>- Ability to develop new customer applications</li><li>- Number of negotiations that fail as a percentage of total opportunities</li><li>- Technological improvement (derivative applications)</li><li>- Channels to market</li></ul>
<p style="text-align: center;"><b>Human Focus</b></p> <ul style="list-style-type: none"><li>- <b>License revenues per dedicated licensing employee</b></li><li>- Capability to identify new applications &amp; related technologies</li></ul>
<p style="text-align: center;"><b>Process Focus</b></p> <ul style="list-style-type: none"><li>- <b>Elapsed time from license object to 1<sup>st</sup> dollar</b></li><li>- Elapsed time from idea submission to patent filing</li><li>- Enforcement of licensing arrangements (timely performance to terms)</li></ul>
<p style="text-align: center;"><b>Renewal &amp; Development Focus</b></p> <ul style="list-style-type: none"><li>- <b>Ability to build on existing technology base</b></li><li>- R&amp;D as a percentage of total revenues</li><li>- Business model (i.e. first to market, early follower, integrator)</li><li>- Strategic relationships that leverage development</li></ul>

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## Intellectual Capital Scorecard

### Intellectual Property Rights: Creation (Revised 5/24)

*DEFINITION: IP Creation is the process by which an organization develops new ideas and converts them into legally protected forms of Intellectual Property: Patents, trademarks, trade secrets and copyrights.*

<p style="text-align: center;"><b>Financial Focus</b></p> <ul style="list-style-type: none"><li>- <b>New Product portfolio performance (matrix of products/technology, time to market, revenues &amp; profit contribution)</b></li><li>- Budget support metrics (ex. as % of R&amp;D or % of profit/licensing revenue income)</li><li>- Rate of growth/decline of budgetary support (ex. for 5 year window)</li><li>- Performance to budget</li></ul>
<p style="text-align: center;"><b>Customer Focus</b></p> <ul style="list-style-type: none"><li>- <b>Customer acceptance (i.e. market response measured in revenues)</b></li><li>- Customer inputs into innovative process</li><li>- No. of new filings/registrations/log entries</li><li>- Headcount dedicated to creation task</li><li>- Highest management level with direct day-to-day involvement with task</li><li>- No. external acquisitions and/or licenses</li><li>- Creation scorecard metrics reported to public</li></ul>
<p style="text-align: center;"><b>Human Focus</b></p> <ul style="list-style-type: none"><li>- <b>Metrics per relevant employee (ex. invention disclosures per engineer)</b></li><li>- No./% of advanced degrees metrics (ex. no. of PhDs per engineering headcount)</li><li>- Training (ex. content, hours per headcount, etc.)</li><li>- Recognition for contributors</li><li>- Contractual relationships (employee and independent contractor assignment contracts)</li><li>- Demonstrative management support</li><li>- Written policy(ies) (confidential information preservation, invention disclosure expectations and requirements, publication clearance, etc.)</li></ul>
<p style="text-align: center;"><b>Process Focus</b></p> <ul style="list-style-type: none"><li>- <b>Product development success rate (revenues &amp; profits v plan)</b></li><li>- Candidate IPR identification &amp; disclosure process</li><li>- Evaluation process</li><li>- Business strategy development/documentation/distribution (ex. such as annual reviews)</li><li>- IPR data tracking/availability</li><li>- Decision maker access to budget and strategic plan information</li></ul>
<p style="text-align: center;"><b>Renewal &amp; Development Focus</b></p> <ul style="list-style-type: none"><li>- <b>New product launches, spin offs, incubation transformed to revenues v R&amp;D</b></li><li>- Measurable goals (# new patents, trademarks, new products, or disclosures per engineer)</li><li>- Strategic review of creation focus</li><li>- Quality-of-asset assurance (ex. patent application preparation, deliverable quality reviews, etc.)</li></ul>