The All-Important Project List
Quickly Starting a Portfolio Strategy

As part of the business planning process, there is usually a section created in the final business plan document showing a well-organized list of projects whose successful completion is absolutely essential to meet the overall company goals in the upcoming fiscal period. Many of these projects are often related to meeting new customer requirements, building departments, establishing new processes, streamlining existing processes, designing new products, and creating new services. A careful review of these projects and objectives tells a lot about a company, especially if the work plans are prioritized. Using this information to establish an IP Portfolio Strategy is often the best place to start for companies who have no other IP in house than the trademarked “name on their back”.

To perform a quick take on developing an initial IP Portfolio, obtaining two documents is essential. One is the Project List mentioned above and the other is a current “Product/Service Revenue Contribution List”. Better yet, if the business plan contains information regarding the anticipated revenue contributions of new products/services planned for the coming year, be sure to get a copy of that as well.

Next, take the project list and divide it into three sections, one for product-related projects, one for service-related projects, and one for projects that improve the company’s internal operations. Then take the product and service revenue information, combine into one list, and sort the data by decreasing revenue as anticipated in the next fiscal year. At this point you must meet with Sales & Marketing (or their executive) and establish the life cycle position for each of the products and services on the revenue contribution list. All products/services that are new (no established sales yet) may immediately be coded as in the “Introduction” stage of their life cycle for next year.

Determine a weighting factor for each important life cycle stage for each of the products/services by using a scale corresponding to at least four of the standard phases: Introduction, Growth, Maturity, and Decline. Code each phase with a corresponding weighting factor with a result like “8-6-3-1”. The allocation of the weights will depend on your company’s view of IP and needs to be determined.

Therefore, at this point you will need to confer with company executive management as to the importance of each life cycle solely in light of IP. Most executives understand how much time it takes to establish an IP portfolio, especially in the area of patents and often elect to weight very heavily in the areas of introduction and growth and may suggest a weight series like “10-8-3-1” for the life cycle phases.

Next, create a pie chart containing each of the products/services in the Revenue Contribution List to show how the revenue contributions compare. These charts normally either come out as “clumpy” with groups of products having similar revenue contributions or evenly distributed with each having about the same revenue contribution. In the case of clumpy groups on the chart, allocate each to a group 1, 2, 3, Etc. (not more than 5 groups) and apply a weighting factor to each general revenue level with the highest weighting factor applied to those in the largest revenue group and the lowest weighting factor in the smallest revenue group. If the revenue is evenly distributed between all the products/services, you may want to give them all the same weighting factor, say a 2.

The final analysis step is to multiply the life cycle factor for each product/service times the corresponding revenue factor and sort them by descending numerical result. The product/service table then becomes a priority list that provides an indication of which product/service to evaluate first when making determinations about IP. In other words, start at the top and work your way down the list.

For the product/service at the top of the chart, take a look at any technology that is used to make this product/service better than what the competition offers. A competitive analysis focused on industry peers is well-known to most departmental groups. However, there are situations where you may have to seek out someone who is close to the product, either on the Sales side or the Product Development side of the business to get answers. Once the competitive advantage reasoning is documented, an IP expert will be able to provide advice as to what type of IP coverage is more important in the major IP protection areas including patent, trademark, copyright, and trade secret.

Once the IP protection determination is made for each product-service on the list, it becomes an internal decision as to how much budget can be allocated to each entry. Sometimes there is only enough budget to provide for the first 2 or 3 items on the list and the IP portfolio creation begins there, other times (especially with copyrights) there is enough budget to address all of the items immediately.

From the decisions above, create a portfolio plan that includes the areas of coverage, extent of IP used, and timeframes required to get each item into the portfolio. The structure of the portfolio can vary widely from company to company. For example, a market research company may seek trademark protection for each of its main “top running” services and copyright protection for its most expensive analysis reports. A computer design company may obtain patent protection for its newest products and copyright protection for its administration manuals and diagnostic web pages. An accounting company may patent its customer profiling process, trademark the names of its two largest service offerings, and copyright each standard P&L statements.

This approach is very effective whether you have no IP portfolio or need to pare down and re-focus an existing IP portfolio. The most important concept to remember is that IP protection is often limited by budget restrictions and therefore coverage should be concentrated on areas that are critical to protecting revenue and controlling competitors where needed most. There is nothing that wastes more resources than an ill-conceived IP portfolio. Just the maintenance charges for an ill-conceived portfolio can weigh down an organization and divert attention from where protection is needed most.

Keep in mind that a large IP investment is not purely a tangible asset and is often referred to as “something you just have to have”. When, in reality, a small IP portfolio is usually quite adequate to protect a business. Further, the ongoing maintenance of a small, well-focused IP portfolio may be totally outsourced and updated on an annual basis, coordinated with the creation of a new business plan. Don’t be afraid to “weed out” an existing (even well established) IP portfolio, with the goal of keeping it cost effective and aligned with the overall business goals as stated in the plan.

Process Focus Areas

- Project List
- Sales & Marketing
- Product Revenue List
- Product Development