Today more than ever, intellectual assets are enabling companies to seize and protect markets, generate new revenue streams, gain competitive insights, and boost shareholder value.

To be competitive, companies must extract full strategic and economic value from their research and development investments, market positions, and intangible portfolios. ipPerformance's strategy is to provide a comprehensive view of intellectual property asset management best practices that enables companies to maximize the revenue and profit from, yet minimize the costs of, building intellectual property portfolios.
INVENTOR REWARD AND RECOGNITION PROGRAM BEST PRACTICES

Leading companies recognize that innovation is central to their corporate growth strategies. Motivating and energizing the inventor community within these companies by implementing Inventor Reward and Recognition Programs is critical to promoting a culture to drive innovation.

Introduction
The ipPerformance Group’s Inventor Reward and Recognition Program Benchmark Report provides valuable insights regarding increasing inventor participation, improving cooperation and generating quality invention ideas and disclosures.

- Optimal program framework of financial rewards and non-financial recognition
- Amount of financial awards and program costs
- Program management, ownership and metrics
- Measuring performance and achieving program objectives
- Continuous improvement
- Harmonizing international programs
- Effective methods for motivating inventors

This report also provides performance ratios and metrics to capture the best practices and key insights for premier innovation-driven companies. Some critical measures include:

- Invention Disclosures and Patent Applications per R&D investment costs
- Invention Disclosures and Patent Applications per engineer
- Total number of awards and award amounts
- Patent award program costs

Benchmark Report-at-a-Glance
Sample Participants
Caterpillar
Nestle
Boston Scientific
Halliburton
Ford
Deere
Freescale Semiconductor
Praxair
Eastman Kodak
Sharp
Clorox

Number of Companies
221 Participants
174 Active Programs
23 Major Industries

Information Type
Graphics
Metrics
Ratios
Key Observations

Report Length
85 pages
16 Major Industry Sub-group Reports
Participant Profile

The Inventor Reward and Recognition Program Report features benchmarking data from 221 companies, 174 companies with active programs:

- Ninety-six are Patent-Intensive companies (those with 50+ annual Invention Disclosures processed)
- Median worldwide revenue in 2007 of $4 billion
- Median research and development outlay of $147 million in 2007

Key Findings and Insights

It is evident from our analysis that an effective program structure can help a company get an increase in invention disclosures and patent applications, gaining an increased Return on Investment (ROI) from their R&D investment.

Among the findings that emerged from this research are the following:

Shared Responsibilities/Collaboration
Inventor Reward and Recognition program oversight includes multiple department stakeholders. In many circumstances, departments collaborate on many aspects of the program. Oversight responsibility for program includes Budget, Monitoring, Promotion and Communications, and Overall Oversight. The study results indicate department responsibility influences program results and costs. When R&D is responsible, the key indicators indicate increased ROI for R&D investment.

Motivational Incentives
Many companies indicated that their Program is an effective motivational tool. They reported that they rewarded for two of the three patenting milestones of invention disclosure submission, patent filing and patent grant.

Effective Communications
Benchmark findings underscore the importance of a positive corporate communications and training program. Increased program awareness and understanding is accomplished through a multi-faceted communications and training plan. Companies that actively promote their Inventor Reward and Recognition programs had an increase in innovation activity, measured in invention disclosures submitted per engineer.

Balanced Incentive Programs
With so much pressure to innovate and increase valuable ideas participating companies indicated a need to have balance between financial rewards and non-financial recognition in their programs. The amounts awarded vary significantly between a low of $25 and high of $5,000 per a patenting milestone.
Sample Chart

Inventor reward and recognition programs are central to motivating the inventor community. Companies attribute increasing the volume of invention disclosures and maintain interest to their program.

Who Can Benefit From This Information

- Chief Intellectual Property/Patent Officers
- Chief Legal Officers/General Counsel
- Chief Financial Officers
- Chief Technology Officers
- Human Resource Management
- Research and Development Management
**Report Structure and Organization**

**Table of Contents**

- **Executive Summary**
  - Introduction
  - Study objectives
  - Research approach
  - Participant company data
  - Definitions
  - Data segmentation
  - Summary of key findings

- **Topic Chapters** - Provide analysis of survey data and detailed explanations and narratives
  - Section 1: Profile of Participants
  - Section 2: Program Framework and Attributes (Financial and Non-Financial)
  - Section 3: International Programs
  - Section 4: Program Management and Ownership
  - Section 5: Achieving Program Results
  - Section 6: Continuous Improvement
  - Section 7: Companies with no Inventor Recognition Program

- **Statistics Book** - Provides metrics based on key survey questions to evaluate corollary assessment
  - Patent-Intensive companies and non-intensive companies
  - Companies with Patent Milestone financial awards
    - No financial award
    - One Patent Milestone financial award
    - Two Patent Milestones financial awards
    - Three Patent Milestones financial awards
  - Do you have an annual award?
  - Is your program formally published?
  - Is there a public display of plaques for the inventors?
  - Does your company recognize inventor(s) for significant commercial success of their invention?
  - Who is responsible for the overall program?
    - R&D
    - Legal
    - Business Management
  - Is your recognition program strongly promoted within your company?
• **Key Metrics (Statistics Section)** - Each of the following metrics are organized into Lower Quartile (1st), Median Quartile and Upper Quartile (3rd).

• Total invention disclosures received annually from employees

• Percentage (%) of internally generated disclosures that are filing original patent applications

• US/original patents applied for in 2007

• Inventors (engineers/scientists/developers who may be expected to innovate or solve problems) does your company employ?

• Percentage (%) of inventors that actually submitted an invention disclosure this year

• Annual Sales Revenue ($millions)

• Annual R&D Expenses ($millions)

• R&D Expenses as a % of Revenue

• Invention Disclosures per Engineer

• Patent Applications per Engineer

• Patent Efficiency (# of patents filed per $1M of R&D spending)

• ID Efficiency (# of IDs submitted per $1M of R&D spending)

• Revenue (Millions) per Patent Applications

• R&D Expenses (Millions) per Patent Applications

• R&D Expenses (Millions) per Engineer

• Total # of Financial Awards Available (Patents Only)

• Total Award $ Amount (Patents Only)

• Total Patent Financial Reward Program Cost (Patents Only)

• Total Patent Financial Reward Program Cost per Granted Patents (Patents Only)
Industry Sub-Group Analysis Reports

Available:

- Automotive
- Biotechnology
- Chemicals
- Computer Equipment
- Computer Software
- Consumer Goods (Non-Durables includes Food)
- Electronics
- Electrical Equipment
- Machinery (industrial and agricultural)
- Pharmaceutical
- Semiconductor
- Telecommunication products
- High Technology – Composite

Other Benchmark Reports Available:

- Strategic Intellectual Property Management – Comprehensive View of End-to-End Processes – Evaluating Program Proficiencies
- Patent Research and Analytics – People, Process, Tools and Services
- IP Strategy and Performance Measures, Driving Business Results
- IP/Patent Department Operations & Metrics (Staffing Roles & Responsibilities, Internal & Outside Counsel Costs)

Best Practice Guides

- Intellectual Property Management Guidelines – Standard Operating Procedures and Best Practice Templates
- Intellectual Property Technology Valuation Guidelines
- Intellectual Property Management Training – Basic and Advanced Courses
**Intellectual Property Management**  
**Diagnostic Review**

We are pleased to offer an Intellectual Property Asset Management “diagnostic review” which is a visit from our experienced consultants to give you a more detailed understanding of how well your intellectual property program is achieving its objectives.

We provide an in-depth review of your survey data, develop special customized reports, identify issues raised by the data, and spend the day discussing best practices and improvement opportunities in areas of relevance to your program.

**Intellectual Property Management**  
**Performance Metrics Development**

We can help you develop a measurement program tailored to your unique organizational needs. These programs generally encompass both qualitative and quantitative metrics. We translate and adapt corporate-wide performance measures to the unique characteristics of the intellectual property program.

For more information, please call Rob Williamson at 630-416-7459 (rwilliamson@ipperform.com) or Barry Lloyd at (blloyd@ippform.com).

**About ipPerformance Group**

ipPerformance Group is an Intellectual Property Management (IPM) advisory service that partners with clients in the development of client IPM tactics, techniques, and processes in support of their business strategies. ipPerformance clients include Fortune 100, mid-size and start-up companies. We have developed an extensive library of best practice processes, tools, and metrics.

For more information, or to order a copy of ipPerformance Group’s Benchmark reports, please contact us at: 630-416-7459 or e-mail us at Benchmark@ipperform.com
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