

Organizing for business-driven IP management

Key requirements and organizational archetypes

The need for a systematic approach to IP operating model design

The past few years' rapid increase in the importance of software, data, and AI to drive new products and service offerings has brought a new set of IP challenges for many industrial companies. New data-driven business models with increased partnering needs, along with shifting value chain dynamics and competitive threats, are quickly rendering old assumptions about how to best service the organization's IP needs outdated.

As a result, there is an increasing stakeholder expectation for IP functions to evolve from a traditional mode of providing expert support on request into being able to proactively drive business outcomes by working as a team side-by-side with the business - 'business co-creators'.

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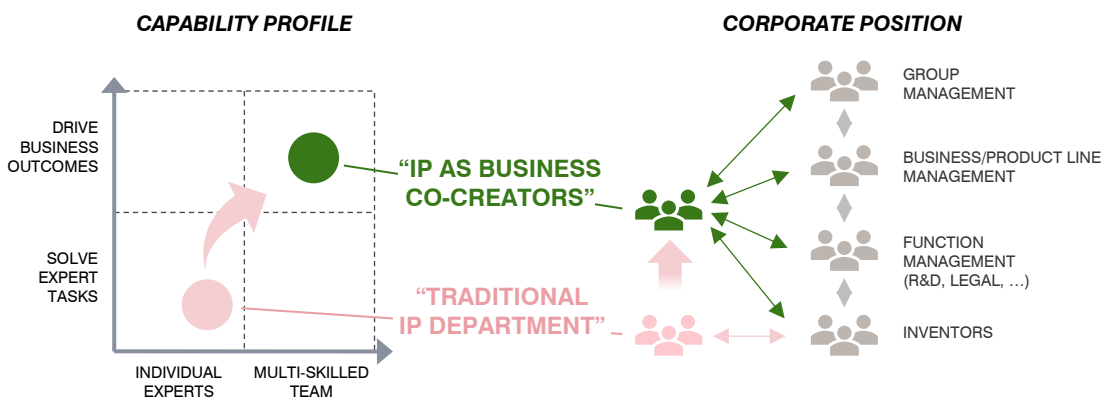


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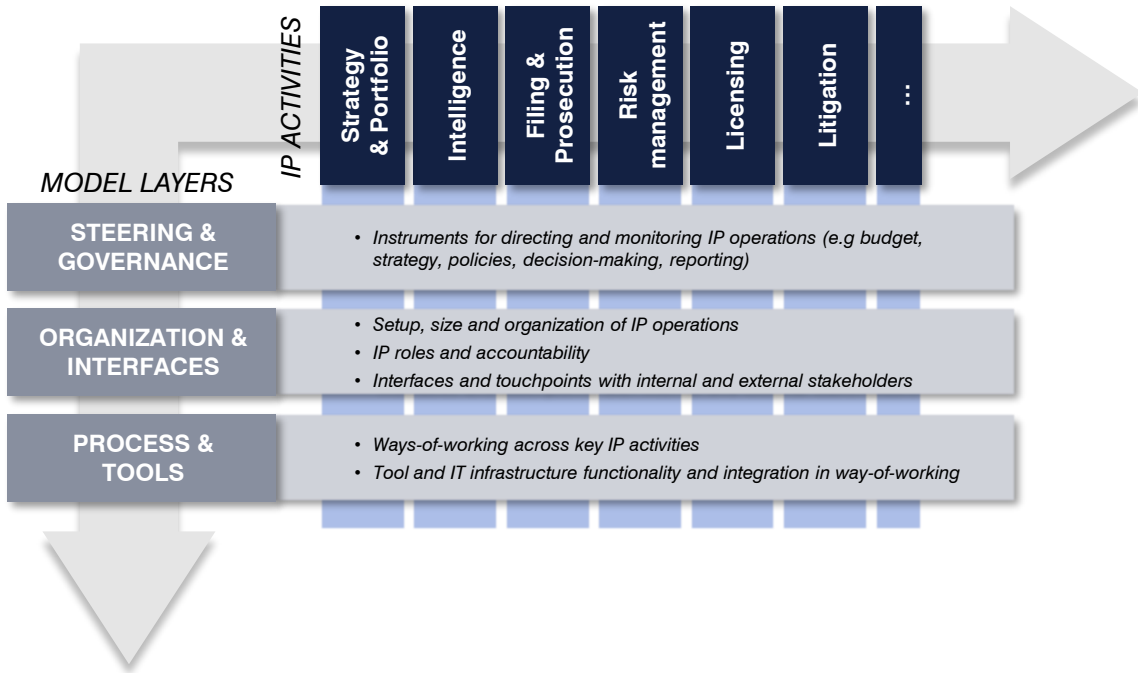
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Figure 1: IP functions need to evolve towards operating as 'business co-creators'



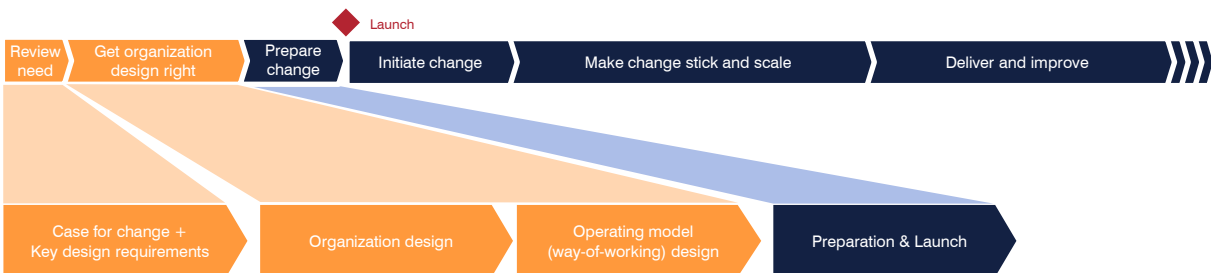
In this article, we draw on our experience supporting IP functions of various sizes and industries to address the challenge of becoming 'business co-creators' - business partners who proactively contribute at every stage of a business play. We will explore the foundational steps in designing a new 'IP operating model,' including defining key design requirements and selecting a suitable organizational archetype to use as basis for the operating model.

Figure 2: Simple framework for an IP operating model



In our experience, the most common mistake IP executives make when attempting an IP reorganization is underestimating the complexity of the task. It is tempting to believe that changing a few "lines and boxes" in an org chart will do the trick. However, this is in most cases vastly insufficient and risks causing more harm than benefit. Instead, a systematic process is needed to ensure all layers of the IP operating model are harmonized and pull in the same direction.

Figure 3: Process for developing a new IP operating model



Case study: The danger of an overly simplistic approach

A global bioscience company had an IP team of 60 professionals across five sites, structured by IP disciplines like patents and trademarks. As biotech, digital technologies and AI became more important, the company was shifting towards greater collaboration across functions. The Chief Science Officer saw that the IP team needed to evolve from being internally focused and R&D-driven to becoming strategic partners actively contributing to business success.

The Head of IP formed an internal task force, which proposed splitting the IP attorneys into two groups: 'IP Business Leads' focused on developing and executing IP strategies aligned with business goals, covering patents, trademarks, data rights, trade secrets, licensing, and litigation; and 'IP Experts' who would serve as a resource pool providing deep technical knowledge in specific IP areas. The new structure with roles and reporting lines were implemented quickly.

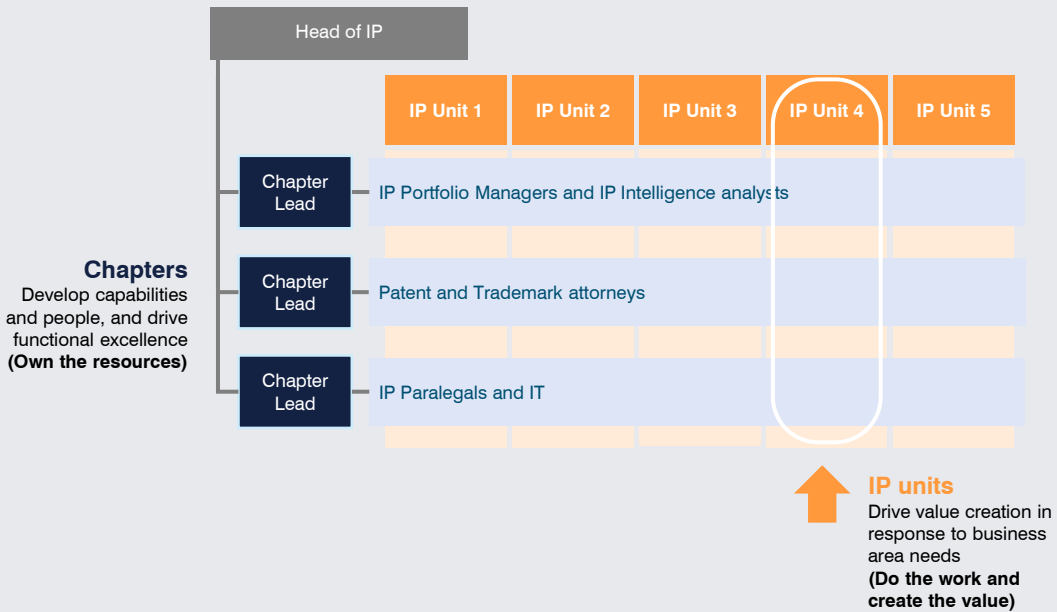
However, the new setup created unexpected problems. It made daily operations more complicated, disrupting previously efficient processes. Team frustration grew rapidly, and doubts emerged about the viability of the new structure.

Recognizing the need to act, the Chief Science Officer and Head of IP partnered with Konsert for external support. Together, we started by properly defining a set of key design requirements reflecting both perceived strengths and weaknesses of the previous and new organizational structure. Quickly, the core issue was identified. The task force had overly emphasized creating new roles without fully defining responsibilities or considering how these roles would function together. Additionally, roles had been assigned prematurely, leading to confusion and an excessive number of IP Business Leads.

To address the issue, co-creation sessions were held with key stakeholders from business, R&D, and IP. We evaluated different ways to calibrate the roles and their responsibilities, as well as how to balance IP responsibilities with decision-making authority. This collaborative effort led to important adjustments.

One such adjustment was moving beyond the 'IP Business Lead' role to establish IP units mirroring the company's business units, and tasking them with ensuring that IP strategies closely matched business priorities. Another change was grouping all IP professionals into one of three reporting boxes, or "chapters" based on their expertise. Professionals were dynamically assigned to perform day-to-day work in the IP Units based on business needs, enabling flexible and rapid responses to emerging challenges. One of the key design requirements for the transformation from the start.

Figure 4: Updated IP organizational model, building on the “Matrix/Hybrid options” archetype



The revised model with a starting point in a “matrix/hybrid option” archetype (see above), clarified the reasons behind the changes. It showed the IP professionals how their roles contributed to the organization's vision. Resistance and skepticism quickly decreased as they felt engaged and aligned with the new approach.

Six months after implementing these changes, the percentage of business and innovation stakeholders rating their collaboration with IP highly (8-10 on a 10-point scale) increased from 30% to nearly 70%. This improvement was driven by the IP team's enhanced strategic focus and their ability to provide clear, actionable IP insights and impact to the business.

Defining key design requirements

The first critical step in designing a business-driven IP operating model is to develop a case for change and define key design requirements - i.e., define the critical characteristics the new IP operating model must possess to meet the needs of the case for change analysis. Having clearly formulated key design requirements provides a north star which helps guide all subsequent IP operating model design considerations.

When formulating a set of design requirements for a new IP operating model, it is important that strengths of the current organization are considered alongside systematic identification of key areas of improvement. If not, there is a considerable risk that the organization's current strengths will weaken during the transformation. While the full set of design requirements will vary based on each organization's specific situation and needs, there are three types of requirements that we have seen are critical to include for any business-driven IP transformation:

Accountability for value creation

Clear accountability for generating value from IP ensures that efforts are focused on the most critical areas for the company. Value creation, in this context, refers to the process of generating tangible business impact through IP, for instance by strengthening product competitiveness, reducing cost and business risk associated with external IP, reducing costs and risks in commercial deals, or generating revenue through licensing.

Consider the experience of a global tech company where a CTO-led change project introduced a new role dedicated to value creation: "IP Portfolio Directors." Reporting directly to Head of IP but with a dotted line to the Business Area heads, each IP Portfolio Director was made accountable for maximizing IP value in their specific technology and product areas. Each IP Portfolio Director led a portfolio team of IP professionals, collaborated with partners in the business and R&D organizations, and oversaw one or more technology and product areas.

When individuals and teams understand their roles and responsibilities in relation to driving business impact through IP, it enhances transparency, trust, and efficiency in decision-making. A key consideration is how to integrate this accountability into the organizational structure. This includes deciding whether to establish dedicated units responsible for IP value creation, or if the responsibility should be distributed more broadly across the organization.

Flexibility of resource allocation

Efficient resource allocation and the ability to adapt to changing business needs are critical. Changes in the resource needs can emerge suddenly, driven by, for instance, new partnership support needs, local M&A efforts, or litigations. Hence, a key design requirement is to ensure resources can be reallocated in response to both temporary and more permanent changes in needs between different areas of the business.

Consider an industrial manufacturer with an IP department organized in a matrix model, where IP Portfolio Directors are accountable for different business areas. However, these Directors were positioned too low in the organizational hierarchy, leading to frequent challenges in securing necessary resources. Their requests were often overlooked by the line managers responsible for IP capabilities (Head of Patents etc.). This structural issue came to a critical head when a strategic collaboration in one of the business areas required rapid strengthening of the IP portfolio in several key technology areas. Unable to secure the necessary patent attorney resources, the responsible Portfolio Director could not deliver the IP protection needed on the required timeline. This put the entire strategic partnership at risk, and the business expressed growing concern over damaging a relationship with a key technology partner that had taken years to build.

Support for internal collaboration and knowledge-sharing

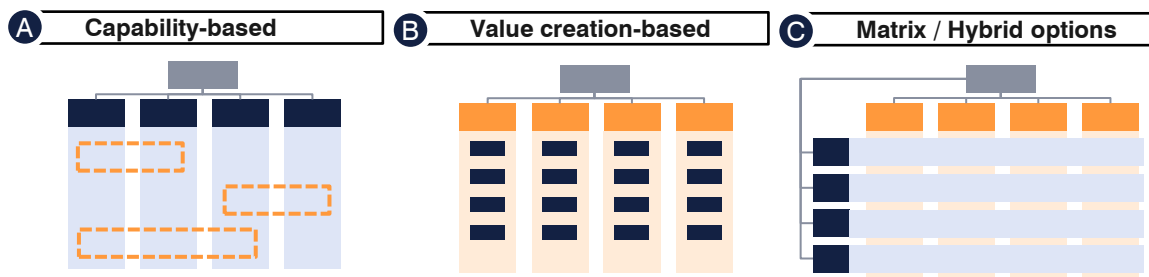
Acting as proactive business co-creators requires IP teams to be able to take on increasingly complex, multidisciplinary IP challenges and work closely with multiple stakeholders internally -- across business, legal, and R&D. The extent to which the IP operating model supports collaboration and knowledge exchange across IP disciplines and business areas has strong impact on the team's ability to handle this challenge. This also requires systematic collection of best practice experience and insights.

During the organizational design phase, a chemical company established Centers of Excellence (CoEs) to foster knowledge-sharing beyond reporting lines. In these "CoE", best practices, case studies, and strategic insights were systematically collected and shared across the organization. By creating this structured approach, the company ensured that valuable lessons—such as a successful licensing strategy, an innovative IP enforcement approach, or an optimized combination of patents and trademarks for a product—could be leveraged in a way that also brought experts from different IP disciplines together and avoided knowledge silos.

Choosing the right organizational archetype

The second step is to develop the organization layer of the IP operating model. This will provide the backbone to which additional IP operating model elements should be added to meet the key design requirements as well as possible.

Figure 5: Organizational archetypes to consider for IP organization design

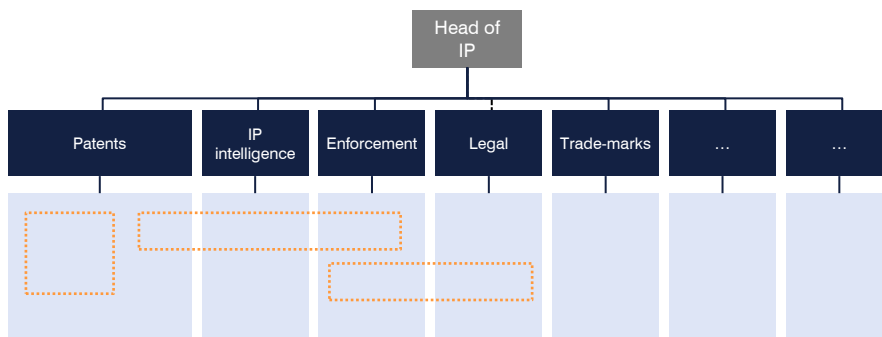


In our experience, considering a set of 'organizational archetypes' provides a valuable starting point for developing the IP organization model. Each archetype offers a distinct approach to value creation accountability with inherent advantages and limitations. The most suitable archetype depends on both hard factors (team size, geographic distribution, technology overlaps between business areas) and soft factors (team skills and attitudes).

Archetype A: Capability-based organization

In this organizational archetype, the IP function is structured around specific IP capabilities, such as patents, trademarks, and enforcement, with reporting to roles like a Head of Patents. Influenced by national patent and trademark office procedures, this model is common in many IP organizations. It does not include formal ownership of value creation, such as a "Head of IP for Business Area X" or a "Head of Licensing". Instead, organization around strategic topics is typically handled on a project basis through the formation of project teams using resources from one or several capability areas.

Figure 6: Capability-focused formal division, with value creation handled on a project basis



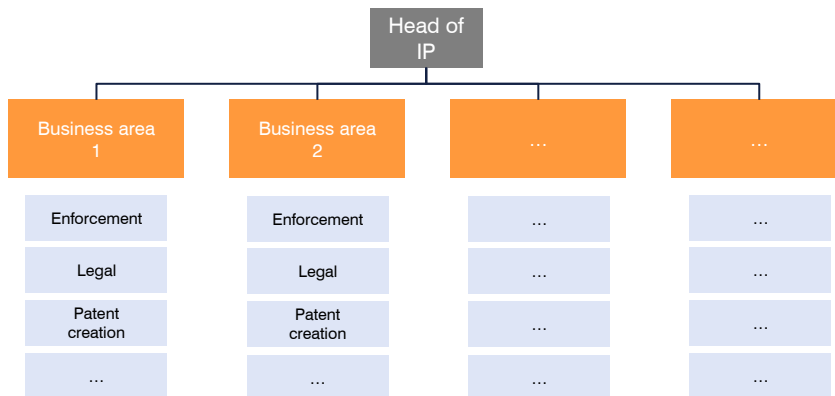
Pros/Cons: The main advantage of the archetype is that it supports focused capability development and provides operational flexibility when used effectively. However, as the archetype lacks formalized accountability for value creation, it requires advanced project management, strong governance, and clear performance metrics to support a business-driven way of working. Without this, the archetype risks leading to functional silos with misaligned priorities, inefficient decision-making and low responsivity to emerging needs.

Archetype B: Value creation-based teams

The archetype is commonly found in large corporations with a decentralized business structure, with a high degree of autonomy and P&L accountability for each division/business unit. In this archetype, the IP organization is instead organized into teams based on dedicated value creation areas, typically mirroring the main business groups of the company. Each value creation area operates as a largely independent, self-contained unit with its own specialized, end-to-end capabilities tailored to specific needs. These 'full-stacked' units typically manage their own objectives, resources, and processes, creating a structure designed for alignment with and execution of area-specific objectives.

However, it is important to realize that having an IP structure split by business areas does not automatically ensure strong business accountability. For this, additional mechanisms are typically needed - such as having solid or dotted reporting lines to business area executives, participation in business area leadership teams, or other governance structures that integrate IP into business decision-making. Without such connections, the risk remains that IP functions operate in parallel to the business rather than as integral, accountable contributors.

Figure 7: Value creation-based formal division, with full stack of IP competences in each team



Pros/Cons: The archetype's main strength is that it can provide a strong foundation for establishing clear ownership and accountability for value creation, unambiguous resource and staff allocation, and autonomy for each branch to evolve its org/team and to streamline its way-of-working. The archetype's main weakness is that it is highly resource-demanding, to the point that it in most cases becomes impossible to maintain truly full-stacked teams including all needed specialist capabilities for each business area.

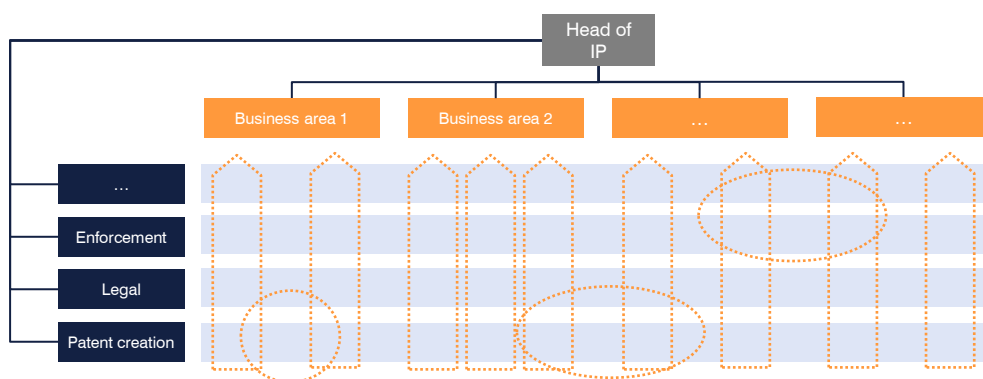
In addition, there archetype also has significant risk of dyssynergies. The independence of the respective IP teams risks impeding effective knowledge exchange and collaboration, including on how to best leverage the overall corporate IP portfolio in response to a common threat.

Archetype C: Matrix / Hybrid organization

In this archetype, the organizational structure incorporates formal responsibilities for both capability and value creation perspectives. This means having one set of managers with accountability for value creation, i.e driving what work needs to be done. And another set of managers in the capability dimension, with responsibility for managing people, and ensuring excellence and efficiency, including e.g. knowledge exchange, processes, efficiency, and tools.

The principal design consideration in this archetype relates to the mechanism for resource allocation. This can be done either in a dynamic way or a fixed way, leading to two main sub-variants of the hybrid archetype – ‘agile grid’ and ‘fixed matrix’.

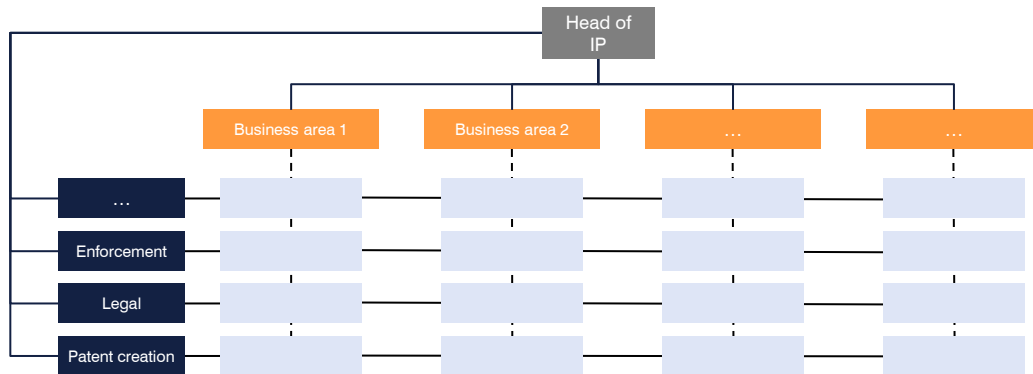
Figure 8: ‘Agile grid’ hybrid model with dynamic resource allocation



In an ‘agile grid’ hybrid model, IP professionals again have solid reporting lines with their capability areas. But instead of being allocated in a fixed way to value creation areas, the organization employs a dynamic resource allocation model, where employees can work in one or more value areas depending on the match between area needs and employee skill sets.

Pros/Cons: The ‘agile grid’ model allows for the highest degree of flexibility and adaptability to rapidly shifting business needs. The key weakness of this model is the increased complexity of the organization. It requires a sophisticated approach for business-driven allocation of resources and focus to ensure that all resources are used where they are best needed. It also requires a team-based way-of-working, clear project management, and a shared sense of ownership.

Figure 9: 'Fixed matrix' hybrid model



In a 'fixed matrix' hybrid model, IP professionals have solid reporting lines within their capability areas and dotted lines to value creation leaders. Employees are allocated in a fixed (as opposed to needs-based) way to the different value-creation areas.

Pros/Cons: While the fixed nature provides clarity and stability, it may limit adaptability to shifting priorities or uneven workloads. Additionally, the dual reporting structure can lead to role ambiguity if responsibilities and decision-making authority are not clearly defined.

In summary

By completing the foundational steps outlined in this article—formulating key design requirements and identifying the most suitable organizational archetype for your specific context—you establish a robust framework for IP operating model design. This framework provides clear direction and boundaries that significantly streamline subsequent decision-making. Rather than facing an overwhelming array of disconnected choices, you now have a coherent structure that guides how to detail specific roles, reporting relationships, governance mechanisms, and operational processes.

The importance of this structured approach cannot be overstated. We have consistently observed that organizations following this methodology achieve significantly better outcomes than those attempting ad-hoc reorganizations. They not only experience smoother transitions with less disruption to ongoing operations but also create IP operating models that genuinely enhance business value creation. By taking the time to properly establish these foundations, IP leaders position their teams to evolve from reactive service providers into the strategic business co-creators that modern enterprises increasingly require.

Key Insights

- Successful IP operating model transformation requires a comprehensive, systematic approach that extends well beyond reorganizing boxes on an org chart—it must address governance mechanisms, decision-making processes, and ways of working.
- Begin with a thorough case-for-change analysis to formulate key design requirements that both preserve current organizational strengths and address critical improvement areas needed to become true business co-creators.
- Select an appropriate organizational archetype as your foundation, recognizing that each offers distinct advantages for addressing specific challenges in value creation, resource allocation, and knowledge sharing.
- Customize your chosen archetype to fit your organization's unique context, considering factors such as team size, geographic distribution, and the specific needs of different business areas.
- Complement your organizational structure with appropriate mechanisms to address inherent weaknesses in your chosen archetype—particularly in areas of accountability, resource flexibility, and collaboration that are critical for business-driven IP management.