EXAM #_____

Time Out:_____

Time In:_____

Intellectual Capital Management

Professor Al-Ali

24 Hours Take Home Exam

IPSI 2003

Please read the following instructions carefully:

1. You may freely brainstorm and discuss the exam questions with your colleagues.
2. Your answer should be written individually and independently.
3. Type your answer with 1.5 lines space, in Times New Roman font pt 12.
4. Use your exam number.

Good Luck

Questions

You are approached by Dr. Patch Adams of JUMANJI PHARMACEUTICALS (JUMANJI), a drug and medical devices manufacturing and distribution company of 20 000 employee, and 19 billion US dollars in annual revenue. Dr. Adams sends you a letter describing a problem JUMANJI is facing, and soliciting a proposal from you on what can be done. The following are various excerpts of the letter:

> "We have a persisting problem that we need to address – every now and then we have a good idea that comes out of brainstorming sessions but for some reason we decide not to pursue it. Then a year or two later we find that one of our competitors successfully developed the idea and launched a product in the market, while we are forced to catch up. Don't get me wrong we are still very successful

in the market and our growth rate is on target. But whenever this happens it jeopardizes our position as a market leader. Not to forget the effect it has on morale and the internal discussions it gives rise between the departments - R&D starts talking to Marketing and vice versa and say 'we told you this will work and you didn't listen'. See, for an idea to be pursued in our company it takes both R&D and Marketing to agree on pursuing it. I dare say that in the early stages of developing an idea it would not pass into development unless it is championed by a member of management or R&D, which rarely happens. Though our new product development process is very informal no idea will really pass the initial stages into development until its future financial value is clear."

"... It seems to me that we have a very encouraging culture but the main problem is time. No one really wants to be seen as wasting time and as a matter of fact no one has time to waste. That being said I believe that the problem is deeper than that."

"I had a look at the CICM model and appreciate two main features - getting everyone talking together and streamlining management and production processes."

"I heard about your expertise in applying the Model and seek a proposal from you to JUMANJI's management team outlining could JUMANJI address the problem I explained to you. I know that the information I gave you is not enough and I have included for you in a supplement some additional facts that we found following an initial assessment of our situation [**Supplement A**]."

"I need your proposal to cover the following:

1. An explanation of the CICM™ Model and how different is it from other models designed to manage intangibles. (Please note that we do have a patent department that solicits invention disclosures from the various R&D labs and

are satisfied with the success and royalty streams that our current system of Intellectual Property management system brings in).
[10 marks – Please limit your answer to 1-2 pages]

2. An outline of the various audits, including steps involved, that you will need to perform to assess the situation at JUMANJI further.
[15 marks - Please limit your answer to 3 -4 pages]

3. Your recommendations based on the facts that you were provided with (including those in Supplement A), on how should JUMANJU address its problem/s.
[15 marks - Please limit your answer to 2-3 pages]

4. Your recommendations as to the main: a) strategies, b) practices and c) tools, that JUMANJI should implement in order to give effect to your recommendations under (3) above.
[30 marks - Please limit your answer to 6-8 pages]

Supplement A

The following facts are provided about JUMANJI:

- JUMANJI's R&D function is dispersed over 5 locations worldwide with around 3000 scientists overall. Each R&D lab maintains a considerable level of independence and has a different focus e.g. cost reduction, improving existing products, extending product lines and breakthrough innovations.
- R&D personnel meet annually to share insights and socialize. No record is kept of these meetings and no expert directory is maintained.
- Ideas are generated through brainstorming sessions within each R&D lab. Marketing and sales personnel usually participate in these sessions. Sometimes customer focus groups are included as well.
- The most innovative ideas (resulting in breakthrough products) mainly come from the frontline. However, no idea passes through evaluation to development

unless it is supported by a member of management and it shows acceptable financial potential.

- JUAMNJI maintains an informal system new product development and resource allocation. Despite that the majority of professional and technical employees complain of being overworked.