

# Foreword

## **IC IN GLOBAL PROGRESS: SOME ASPECTS FOR IC STRATEGY FOR KM-BASED ORGANIZATIONS**

### **Introductory Quizzics**

*Do you sense the new NIC map? Are you connected? Are you uploading your IC? Have you tried the Crowd Sourcing? Where is the space for value creation emerging? What learning can we get from the Eurozone crises? What about the National IC for Spain?*

These are some quizzics (i.e. the Art and Science of questioning) that are becoming more and more prudent in wealth creating world.

### **IC 21**

When I started to work on the subject of service and intangibles more than 21 years ago, the taxonomy and methods were very rudimentary. This called for practical experimentation with me as Director of IC at Skandia.

Therefore, I developed some of the standard IC taxonomy of today to capture and navigate the Intellectual Capital. It was the IC tree, the Skandia Navigator, and the IC scheme, among others.

The challenge of today is still the Minds, the thinking of the enterprise leaders, the society leaders, as well as the media leaders. This might also be a generational issue. For example, the senior generation X is looking for downloading from the net, while Generation Y is looking for uploading on the net. Two different knowledge-sharing logics with impact for the future of IC!

### **IC Ecosystem**

A part of the taxonomy was the usage of images to share the same perspectives. One of the most familiar ones became the IC Tree, turned upside-down.

It highlights the importance of the roots for the fruits as well as the flows. This is also about the cultivation of various aspects, a kind of cultivation of the microclimate to get fruit tomorrow.

This also highlights that timeline for nourishing the intangibles of today for the benefit of tomorrow.

Most of the traditional economy with an asset focus tends to miss this dynamic value modeling. The IC ecosystem is about the drivers/roots for the future earnings capabilities. In line with IRL-international

reporting language, it might be seen as an opportunity space or a liability towards the stakeholders if not addressed properly. This liability has to be paid by future generations. The IC leader has to cultivate and leverage the IC of today for the benefits of tomorrow.

This ecosystem might also be described as something beyond the Triple Helix, and more of Penta Helix, with its extended stakeholders, such as volunteers and cross-generational co-creations.

## **INCAS AND TRIPLE BOTTOM LINE**

One of the milestones in describing IC development in a dynamic way is refined and applied, especially in Germany, under the leadership of BWMI – Bundesministerium für Wirtschaft und Innovation, (see [www.wissensbilanz.org](http://www.wissensbilanz.org)), as well as in Japan, with METI. This approach is going from reporting of IC as a position to a process view of non-hierarchical interactions and interdependencies between the IC components in the IC Tree that is shaping value. See more on [www.incas-europe.org](http://www.incas-europe.org).

This approach is highlighting the interdependencies of IC components in a dynamic modeling based on Jay Forrester's work at MIT. Recently, there have been a number of PhD theses published about this, among others by Markus Will, Kay Alwert, and Ai Yu.

In Germany, there is also the Wissenskapital Schnelltest ([www.wissensbilanz-schnelltest.de](http://www.wissensbilanz-schnelltest.de)) and recently a group has been formed to exchange learning ([www.bvwb.de](http://www.bvwb.de)). In Hong Kong, the Department of IP has prototyped a very successful project on ICR with about 600 SMEs (see [www.ipd.gov.hk/eng/icm.htm](http://www.ipd.gov.hk/eng/icm.htm)).

In Sweden, there has also been both research and applied experimentation of new bottom line thinking called Triple Bottom Line. It is a model to highlight the often hidden value spaces of health and culture in addition to the economics. It is also a kind of triangulation to visualize the 3 perspectives for the board, for the executive team, and for the staff.

## **CONNECTIVITY**

These interdependencies are being amplified in the so-called Networked Economy by Social Media. The question arises whether you are connected or not? What are your circles in G+?

Beyond the connectivity comes contactivity, together called C&C. It is about how you relate on more of a personal and values viewpoint. It is a kind of microclimate or culture of interpersonal behavior. The core of it is in IC taxonomy the Relational Capital, and in the Chinese culture referred to as Guaxi.

C&C becomes then part of the IC strategy aspects for both enterprise development as well as space developments of cities, i.e. urban design for IC of Knowledge Cities.

## **Macro IC: NIC**

Before any governance and policymaking of nations, regions and cities might take place there is a need for better maps. This need has become so evident in the financial Euro zone crises.

Therefore, within New Club of Paris (see [www.new-club-of-paris.org](http://www.new-club-of-paris.org)) a database has been initiated for National IC based on the prototyping work that we started in Sweden at the end of 1990s. It was together with prototyping students as well as the governmental Invest Agency Invest in Sweden. Later on, this kind of mapping was applied for Israel, Finland, Poland, etc.

Today, the database has 48 indicators in the 4 categories of IC (human capital, market capital, process capital, and renewal capital) with a time perspective of 17 years for 48 countries. This impressive database is also supplemented by research work of Sten Stahle and Pirjo Stahle in Finland.

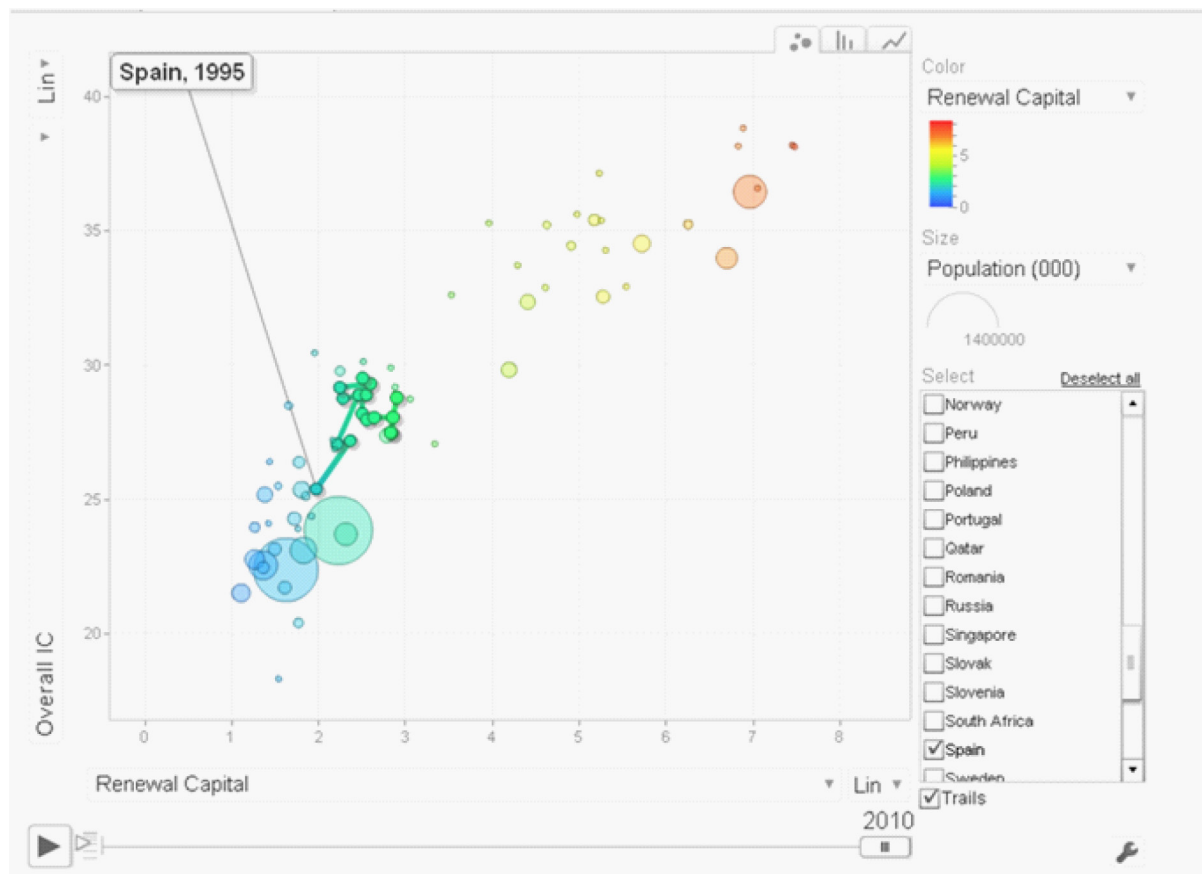
Top ranked NIC countries are especially Singapore and the Nordic ones, Finland, Sweden, Norway, and Denmark (see more in [www.NIC40.org](http://www.NIC40.org)).

The situation for Spain can be visualized as Figure 1, based on the NIC database and the work of Dr. Carol Lin. NIC of Spain was good, even if not in a top position, between 1995 and 2000, when NIC started to decline, reflecting very early warning signs for the 2008 financial crises. However, the lack of the Renewal Capital improvement may not support the capabilities of a future knowledge and innovation driven economy. So, deeper understanding of the NIC might support the future IC leadership and well-being of Spain.

OECD initiated a supplementary mapping approach and now has an index for Better Life. The top ranked nations are Australia, Norway, USA, Sweden, and Denmark. If the economical indicators are treated as a residual then the top ranking will be Australia, Norway, Denmark, Sweden, and New Zealand. The pattern is very close to the top NIC countries.

Cyprus is another interesting illustration of NIC. An island burdened by financial debt, but with a special geopolitical position in the Mediterranean. Consequently, they now leverage that geopolitical position to get financial funding both from Russia as well as China.

Figure 1. Situation for Spain



From the IC strategy, the leadership approach is to leverage the IC dimensions of both the enterprise as well as the nation, and in doing this, the focus is very much on the process productivity, the networking and relational capital, and most important is the Renewal and Innovation Capital.

## IC CURRENCY IN PROGRESS

What currency will be the safe one for the future? Is it USD, RMB, SDR or...? Could it be that the evolution of the recent Greece Financial drama as well as the Crowd Funding highlights that we are heading for another currency. This will be a currency based on the core of IC perhaps called IC units. In the taxonomy of IC, it will be based on Relational Capital. This is also what we see with the emergence of Crowd Funding, and enterprises such as Kick Starter and the new electronic wallet systems launched as a hybrid of mobile phones and Internet banking.

## FINAL THOUGHTS

Based on these NIC maps, the KM-based organizations as well as society leaders can navigate the IC dimensions with the InCaS tool box. The outlook for the enterprise of tomorrow is very much to break out of the box of the industrial mindset and learn to live in networked smart alliance on a small scale with continuous renewal thru the activated relational capital.

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