

## Foreword

We feel certain that you will enjoy reading the many thought-provoking chapters in this book, contributed by a selection of inspired authors. They will clarify the latest developments in the sector under scrutiny and give you some valuable contributions and in-depth insights into intellectual capital (IC) for the future.

It is now over ten years ago since we began to investigate this fascinating subject, starting with various practical studies. We have now adopted the recent tendency in academia of using a generic framework to interest a broader reading public, with a selection of shorter works by authors from different disciplines. In line with this trend, this book highlights several interesting applications related to both information technology (IT) and the cultural context of the world today.

For many years, the key focus was on the measurement of intellectual capital in order to provide a quantitative map of IC, such as, the IC Navigator introduced in Skandia in 1992<sup>1</sup>. This also resulted in the growing taxonomy surrounding IC, like the IC tree presented in 1993, with its major components defined as human capital, structural capital and relational capital<sup>2</sup>. In 1994, Skandia released the world's first IC report. This resulted in a global movement of IC statements and IC reporting.

Nowadays, the countries leading research on the subject are Germany and Japan, as witnessed by the pioneering work over the past few years carried out by Bundesministerium für Wirtschaft und Arbeit in Germany<sup>3</sup>, and METI in Japan<sup>4</sup>. Both of these approaches start from the Knowing Organization pointing to a more systematized intelligence for handling the invisible and intangible assets both in SMEs (small and medium-sized enterprises) in Germany, as well as in major companies in Japan.

More on the subject of IC reporting can be found in a recent High Level Expert Group report to the European Commission, called RICARDIS – *Reporting Intellectual Capital to Augment Research, Development and Innovation in SMEs* (2006)<sup>5</sup>. Another interesting approach is the 3R model for intellectual capital statements<sup>6</sup>.

In order to leverage IC, it became evident at an early stage that we needed to leverage the human potential by using structural capital. The *IC multiplier* concept was coined for this<sup>7</sup>. It shows how to multiply human potential with structural capital, such as IT, for example. This is where numbers can help us to assess productivity in value creation as well as value extraction.

As can be seen in one of the chapters, we are now also studying how to use technological advances, in the form of RFIDs (radio frequency identification tags), to monitor the customer's relational capital. Many more knowledge tools are being developed in addition to IC forecasting for companies, as well as for regions and nations. Consequently, the strategic core will be IC Navigation, or put more simply, ensuring that the strategic challenges and opportunities are well covered. The opportunity cost of not doing so at this juncture would represent a tremendous IC liability that could handicap future generations. Thus, the corporate and social responsibility required of leadership today is to assess the opportunities and visualize this journey through intangibles as an attempt to chart an intellectual capital map.

Moreover, the core meaning of IC and the leadership challenge is future earnings potential. In this perspective, we witness a growing focus shift not only to intangibles but also to relational capital dimen-

sions. This is increasingly evident if we look at the entertainment and sport sectors, which are systematically taking advantage of the value of its customers, user clubs, fan clubs and supporter clubs. At the same time, these sectors supplement this with IT by broadcasting football games as well as converting cell phones into handheld mobile entertainment stations. This is the core aspect for brand value or intellectual property dimensions.

So, the most challenging dimension for the rapidly evolving future will be that of attempting to keep pace with and predict innovations that are up ahead, in other words, in the *ignorance space*. This book will undoubtedly provide you with some insights on new developments you were unaware of in the field of IC and thereby give you added value for broadening your knowledge.

For the above reasons, this book published by Luiz Antonio Joia represents a further step forward in the study of intellectual capital and its strategic implications with relation to the competitiveness of companies and organizations. The selected chapters of this book will enable readers—academics, practitioners, or those interested in understanding more about the complex field of intellectual capital research—to delve more deeply into the study of intellectual capital and the main challenges it presents for the future.

We heartily congratulate Luiz Antonio Joia on his initiative and efforts to bring together in this book a collection of varied and interesting chapters that throw light upon the complexities involved in analyzing knowledge-based resources.

Read and enjoy!

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## ENDNOTES

- <sup>1</sup> Edvinsson, L. (1997). Developing intellectual capital at Skandia. *Long Range Planning*, 30(3), 366-373.
- <sup>2</sup> Edvinsson, L., & Malone, M. (1997). *Intellectual capital: The proven way to establish your company's real value by measuring its hidden brain power*. London: Piatkus.
- <sup>3</sup> See [www.akwissensbilanz.org](http://www.akwissensbilanz.org).
- <sup>4</sup> See [www.meti.go.jp/press/20060329003/20060329003.html](http://www.meti.go.jp/press/20060329003/20060329003.html).
- <sup>5</sup> See [http://execupery.eu/dokumente/RICARDIS report version March 2006.pdf](http://execupery.eu/dokumente/RICARDIS_report_version_March_2006.pdf).
- <sup>6</sup> Ordóñez de Pablos, P. (2004). A guideline for building the intellectual capital statement: The 3R model. *International Journal of Learning and Intellectual Capital*, 1(1), 3-18.
- <sup>7</sup> See [www.intellectualcapital.se](http://www.intellectualcapital.se).