



conclusion

In the 1960's, there was a popular television show in the United States called *The Beverly Hillbillies*. Each week, the show opened with a theme song that told the story of a man named Jed Clampett. On the screen, you saw a poorly dressed man running across a meadow, raising his rifle, shooting at but missing his elusive prey. Then the camera zoomed in on a black substance bubbling up from the ground. Clampett's bullet had struck oil. He packed up his family and moved to Beverly Hills, an accidental millionaire.

What's the difference between Jed Clampett and you? It's that you already know there is oil under your feet. Your business has significant reserves of knowledge, the new oil of our economy. Put to work in the right way, this knowledge has the potential to make your company very successful. But you may be more like Clampett than you may care to admit. You probably work at a fast pace. You may have never stopped to think about what the knowledge economy means to your business. You may be relying more on luck and intuition rather than disciplined management to exploit the reserves of knowledge hidden inside your organization. It's time to change all that. It's time to reap the benefits of intangibles management.

PERFORMANCE

Seeing the intangible side of your business as the New Factory will help you to understand and optimize its performance. In Part I, you learned how to identify the components of the knowledge factory—human, relationship, and structural capital—how to get paid for them, and how to unleash their infinite power through the right combination, the right business model. You learned how to build an inventory and a model of this factory. You learned that the real promise of the factory comes when human and relationship capital are combined with structural capital, the knowledge that is captured in your company and converted into a re-usable, scalable form. It is through structural capital that you can experience (and profit from) the infinite potential of structural knowledge—and optimize the performance of your business.

INNOVATION

The nature of a business built on knowledge requires New Management that can do more than execute strategy; it must also fuel innovation. In Part II you learned that the hierarchical organization structure that was ideal for the industrial era limits the potential of your business in the knowledge era. When the success of your business relies on the knowledge of your people, your customers and partners of all kinds, you need knowledge to flow from the bottom up and outside in. You need to think of your organization in terms of a

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series of collaborative networks, not just a pyramid-shaped organization chart. You need to take a fundamentally different approach to strategic management: you cannot just rely on setting a course and executing single-mindedly, you also need to build in a way to leverage the knowledge of your organization's intangibles—human, relationship and structural capital—to find new opportunities, explore new courses and fuel innovation for your business.

VALUATION

Creating a New Accounting system for intangibles will support your management and also help you maximize the valuation you receive from the market. In Part III you learned that, despite what your accountants may tell you, the money invested in building the knowledge factories of businesses around the world has been considerable and is very real. It is in your interest to add up how much you really invest each year in this intangible capital expenditure. Use that data the way that you would any financial data to measure the return and results your company is reaping from the investment.

But remember that financial data alone are insufficient to describe the workings of the knowledge factory. The other two kinds of information you will need include assessments and indicators. Combined together, these three kinds of data—investment, assessment and indicators—will enable you to triangulate the current and future earnings potential of your business. This information is important on its own as an input to the management of your company. But it is also critical to external stakeholders: analysts, investors, bankers and potential merger partners. They will use it to evaluate and value your company as a whole.

REPUTATION

Doing it all well and communicating your process clearly will ensure that you build and maintain a good reputation. In the final chapter of this book, you learned that reputation is more important than ever because the knowledge-era organization does not own two of its key sources of knowledge: human and relationship capital. A knowledge factory will not work without these inputs. Yet employees and partners cannot be forced to contribute. They are not machines that can be bolted to the floor. You have to maintain a reputation that motivates them to stay connected with you. A good reputation in the eyes of your stakeholders is your license to continue to do business in the future. A good reputation is earned by the way that you manage and measure your intangible capital—and how well you communicate this to stakeholders. Every company today is much more vulnerable to reputational crises precisely because they are not using sound intangibles management tools and practices.

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Performance. Innovation. Valuation. Reputation. These should be reasons enough to get serious about intangibles management. But don't forget the historic moment. The industrial model is breaking down across our economy. Energy production and use, transportation, construction, manufacturing, healthcare, food production, and education all need to be re-created in a sustainable, knowledge-era form. These changes will roll through our economy and create opportunities for just about every business.

How will you rise to these opportunities? By building brick and mortar factories? By building fully-integrated businesses that “do it all?” No, you will do it by hiring a core of knowledgeable employees. By cultivating strong partners. By taking advantage of information technology to build structural capital. By creating solutions to solve your customers' problems. By looking for new places to apply your existing knowledge. By finding new ways to provide services as well as build products. You will rise to these opportunities by becoming an intangible capitalist.

The New Factory, the New Management, the New Accounting—these are the tools of the intangible capitalist. They will help you optimize the performance, innovation, valuation and reputation of your organization. You can get started right away using the exercises at the end of each chapter. This book and these exercises have the potential to unlock millions of dollars in improvements in your organization.

But remember what you learned in Chapter 1. Books and worksheets are low-value knowledge products. They inform but they do not resolve. We have helped show you the way and hope to help you by creating a conversation and posting more tools on line at www.intangiblecapitalbook.com. But the real value will be created when this knowledge is put to work inside your organization. The ideal people to put this knowledge to work are you and your colleagues. You know your own company. You just need to learn to see it in a new way. Follow the steps outlined in the exercises starting with identifying and modeling your knowledge factory all the way through creating an intangibles data set. If you follow these steps, you will become intangible capitalists. You will learn to make the most of the hidden but gigantic potential that is already there, inside your company, waiting to be tapped. You will solve new problems and profit while doing it.

Now it's up to you. Our only question is: What are you waiting for?

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