



Plenary (9 February 2007)

## **Innovation and Intellectual Capital Management Set the Agenda**

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Mr. Rory Chase (Teleos) gave a presentation on the Most Admired Knowledge Enterprise (MAKE) Methodology entitled *Innovation and Intellectual Capital Management Set the Agenda*.

A panel of experts, using the Delphi research methodology, identified a list of winners using the MAKE Framework of Eight Knowledge Performance Dimensions. These dimensions are:

- i. creating an enterprise knowledge-driven culture;
- ii. developing knowledge workers through senior management leadership;
- iii. delivering knowledge-based products/services/ solutions;
- iv. maximizing enterprise intellectual capital;
- v. creating an environment for collaborative knowledge sharing;
- vi. creating a learning organization;
- vii. delivering value based on customer knowledge; and
- viii. transforming enterprise knowledge into organizational wealth.

A total of 20 MAKE Winners from a list of 50 Finalists around the world was chosen. Eight indicators (KM/IC Metrics) were used in the selection process:

- i. total shareholder return;
- ii. return on equity;
- iii. return on assets;
- iv. return on revenue;
- v. market capitalization;
- vi. value added;
- vii. brand value; and
- viii. R&D expenditure.

In concluding his presentation, Mr. Chase discussed regional and global KM trends identified using the MAKE methodology. He moreover urged participants to continuously reflect, challenge oneself, and come up with action plans, determine what resources are available, what resources are still needed to engage in Knowledge Management. He



Rory Chase opens the second day with a presentation on Most Admired Knowledge Enterprise (M.A.K.E.) methodology.

admitted that this requires a lot of time and effort but that it also has great rewards and benefits. He reminded development organizations in particular, not to take the business model as is, but to develop and use their own models.

### Discussion Points

1. *Is there a plan for Teleos to make a cheaper survey for small companies?*  
Organizations are not charged for their participation in the survey. An independent panel of experts does the nominations. There is a separate line of products and services; that the company offers, but this is totally different from the MAKE contest.
2. *Noticed that most of winners are from big companies with a big workforce; can the framework be expanded to be used in smaller companies, and also at country level, for governments?*  
Yes, it can work at smaller companies. And it can also be done at national level with some modifications. In nonprofit organizations (NPOs), there are political elements to be considered. One can use the basic framework and make slight changes.
3. *Do the MAKE winners have formal KM departments and formal Knowledge Managers? Have their strategies been translated into wealth?*  
Most have a formal knowledge strategy, but some don't. Or on the surface they don't seem to have one, but underneath there is. In terms of workers who are leaving, there is a need to identify staff who have key experiences and knowledge and put this into the organizational memory. This has to be conducted strategically, not something done as an afterthought on the employee's last day.
4. *Were large international NGOs nominated? Did any of them win and why or why not?*  
Yes, the UN, the Singapore Police Service. Judges are looking for consensus within an organization and for NPO there isn't sufficient body of knowledge in the organization to push it to a higher level. There aren't enough successes yet.
5. *Has there been any indicator from these winners that the value of knowledge has been transformed into wealth?*  
Yes, innovation rates, shareholder returns, new product development rates. From the commercial point of view the MAKE winners are twice as successful as competitors. For example, innovative companies, outperform by 2/3 their competitors in terms of R&D investment. What are the outcomes you use? What justifies your existence? If you are a holistic and knowledge-driven organization, you should be twice as efficient.
6. *Were there any SME that were nominated?*  
Many SMEs are knowledge-driven organizations, but they don't carry a lot of the MAKE winners' characteristics in them. This is usually because an SME is based in one area, there are no communication problems, no leadership issues for SMEs. They are not bothered about succession problems and the different set of knowledge dimensions found in a large company.
7. *Can we come up with a framework that will allow SMEs to become more knowledge driven? What are the knowledge steps?*  
Do knowledge mapping. Eliminate non-knowledge driven steps.

8. *In terms of development organizations that were nominated, what was unique about them?*

They were bottom-up driven; very strong at the grassroots level. They had a strong belief in what they were doing.