Intellectual Capital Statements for SMEs

What about IC in German SMEs?

Results of a study conducted by the Fraunhofer IPK in 2004 Low systematics when handling intangibles:

• 76% of German SMEs don't use any management instruments to deal with their Intellectual Capital

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• 24 % dealing with their IC with the help of instruments mainly focus on human capital and IT solutions.

Study results: Requirements for an ICS for SMEs

Applicability as an Reporting Instrument:

- Relevant and complete
- Reliable and comprehensive
- Comparable

Applicability as a Management Instrument

- Single components
- Measurement of changes
- Evaluation of strengths and weaknesses
- Dealing with complexity
- Economic impact
- Compatibility with other instruments

Applicability as an Instrument for SMEs

- Simple
- Fast und economic
- Pragmatic decision support

Analysis of 26 IC approaches:

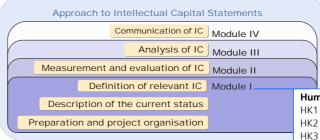
Existing approaches each fulfil only parts of these requirements.

Greatest Deficits:

- Relevance and completeness
- Comparability
- Evaluation of strengths and weaknesses
- Dealing with complexity
- Pragmatic decision support
- High effort of time and resources

Proceeding in Modules

Three Workshops and less than 25 days work effort



Module II: Measurement and Evaluation

1. Measurement

Human Capital	2002	2003	2004
Number of employees	62,3	37	36
Education of employees			
Academics		21	21
Skilled employees		8	8
Unskilled employees		4	4
Trainees	4	4	3
Further education of emp	loyees		
Training days per Employee	2,6	3,3	1,9
Motivation and manageme	ent comp	etencies	
Fluctuation	27,3%	31,4%	25,7%

Human Capital:

- **HK1** Qualification
- HK2 Experience
- **HK3** Social Competencies
- **HK4** Management Competencies
- HK5 Motivation

Structural Capital:

- SK1 Management Process
- SK2 Corporate Culture
- SK3 Cooperation/Communication
- SK4 IT and explicit Knowledge
- SK5 Product Innovation
- SK6 Process Innovation
- SK7 Knowledge Transfer & Protection

Relational Capital:

- **BK1** Customer Relations
- **BK2** Supplier Relations
- **BK3 Investor Relations**
- BK4 Co-operation Partner Relations
- **BK5** Public Relations

Making a clear difference between indicators and influencing factors

2. Evaluation according to Quantity, Quality and Systematics

- Procedure: Self-Assessment in a representative group
- Strategic as well as operational requirements are being paid attention. Fixed criteria and a standardised scale ranging from 0 = not sufficient to 120% = more than necessary
- -> Comprehensive evaluation in the context of the organisation.



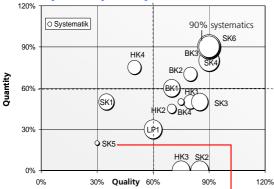




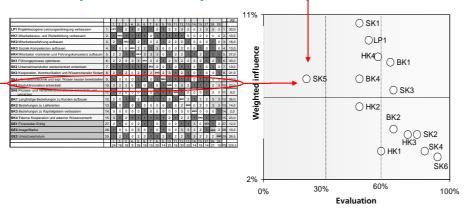


Module III: Analysis of IC

1. Analysis of Quantity, Quality and Systematics

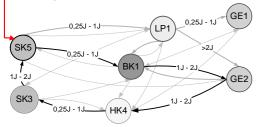


2. Sensitivity and Influence Analysis



4. Analysis of Correlations

Konstruktionstechnik



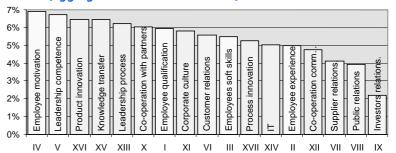
5. Consequences

3. Analysis of Potential

- Adjustment of the strategy
- Deduction of knowledge strategies and initiatives to trigger changes

Analysis of 14 Intellectual Capital Statements

Ranking of the most important intellectual capital factors according their influence (aggregated for all 14 Pilot-SME)



Standardisation:

- 81% of the influencing factors can be harmonised
- A proposal for standardisation derived

Highest impact:

- Motivation of Employees
- Management Competencies
- Product Innovation

Lower evaluation:

- Cooperation/Communication
- Experience of Employees
- Management Process
- => Systematics in general very low

Highest Potential:

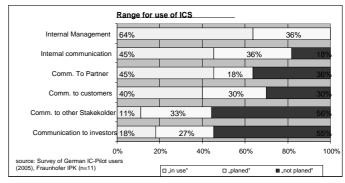
- Management Process and Competencies,
- Knowledge Transfer and protection
- Experience of Employees

Lowest Potential:

- Investor Relations
- Supplier Relations
- Public Relations

Tasks for Research:

- Integrated Management System
- Harmonisation of influencing factors and indicators
- Impact test





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Produktionsanlagen und





