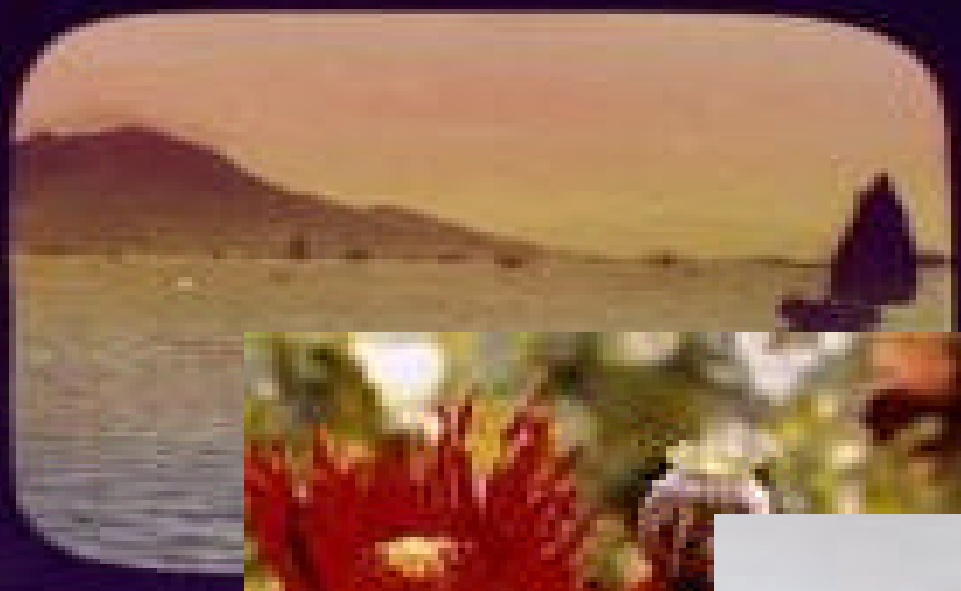


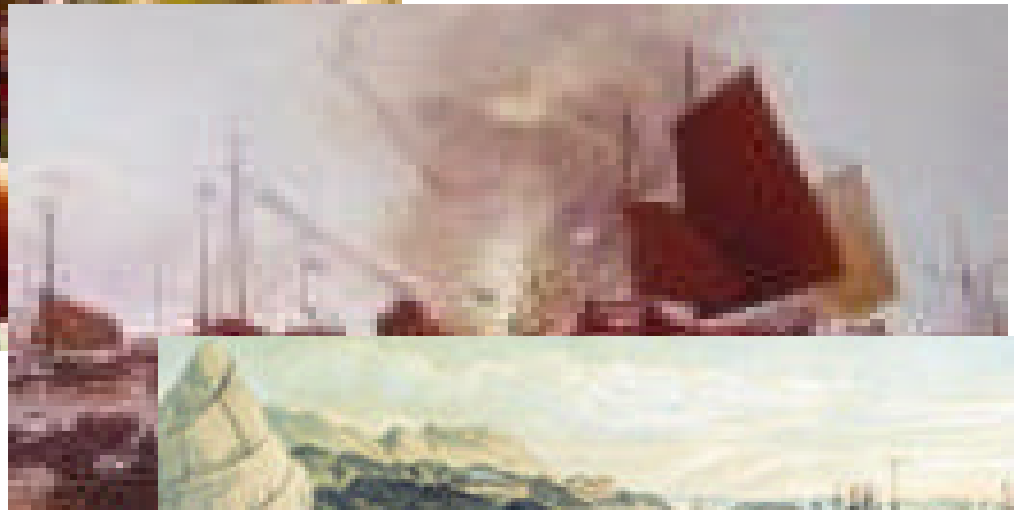


***The New Capital of Hong Kong:
An example of Network and
Service innovation***

***Rongbin W.B.Lee
Chair Professor & Director
Knowledge Management Research Centre
The Hong Kong Polytechnic University***



" Sir James Matheson was a
drug dealer on a massive scale
- **Professor Tom Devine**
Director of the Centre for Irish
and Scottish Studies, University
of Aberdeen



A painting showing
Causeway Bay, Hong Kong
around the time when British
traders made it their base.



Exhibit 5.6: Hong's Comparison with Other Cities in the Asia-Pacific in the GaWC Ratings

	Score	City Hierarchy	Accountancy Service	Advertising Service	Banking Service	Legal Service
Tokyo	12	Alpha World City	Prime	Prime	Prime	Prime
Hong Kong	10	Alpha World City	Major	Major	Prime	Prime
Singapore	10	Alpha World City	Minor	Major	Prime	Prime
Sydney	9	Beta World City	Prime	Major	Major	Major
Seoul	7	Beta World City	Minor	Prime	Major	N/A
Taipei	6	Gamma World City	Minor	Minor	Major	Minor
Melbourne	6	Gamma World City	Major	Major	Minor	Minor
Beijing	5	Gamma World City	N/A	Minor	Major	Major
Bangkok	5	Gamma World City	N/A	Minor	Major	Major
Shanghai	4	Gamma World City	N/A	N/A	Major	Major
Kuala Lumpur	4	Gamma World City	Minor	Minor	Major	N/A
Guangzhou	1	Minimal Evidence of World City Formation	N/A	N/A	N/A	Minor
Shenzhen	N/A	N/A	N/A	N/A	N/A	N/A

Source: J.V. Beaverstock, R.G. Smith and P.J. Taylor, "A Roster of World Cities," *Cities*, 16(6), 1999, 445-458.

International Views of Hong Kong's Competitiveness (2006)

Values and Ranks of Sub-indicators of the Top Ten Economies Ranked by the IMD World Competitiveness Scoreboard and Comparison with Selected Economies in the Asia-Pacific Region, 2006

	2006 Overall		Economic Performance		Government Efficiency		Business Efficiency		Infrastructure	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank	Value	Rank
USA	100.000	1	96.898	1	61.471	14	76.560	4	94.849	1
Hong Kong	96.866	2	68.092	5	85.519	1	100.000	1	63.633	16
Singapore	90.993	3	72.540	4	78.183	2	71.616	7	71.413	5
Iceland	90.206	4	60.623	6	75.107	4	88.482	2	66.390	11
Denmark	86.031	5	44.633	31	76.579	3	80.844	3	71.846	3
Australia	82.501	6	54.030	14	73.000	6	69.996	8	62.758	19
Canada	81.689	7	55.388	13	65.374	9	69.399	9	66.372	12
Switzerland	81.541	8	46.626	26	69.935	8	67.898	11	71.484	4
Luxembourg	81.513	9	74.405	2	59.573	16	64.363	17	57.489	22
Finland	80.894	10	41.040	38	73.001	5	68.896	10	70.417	7

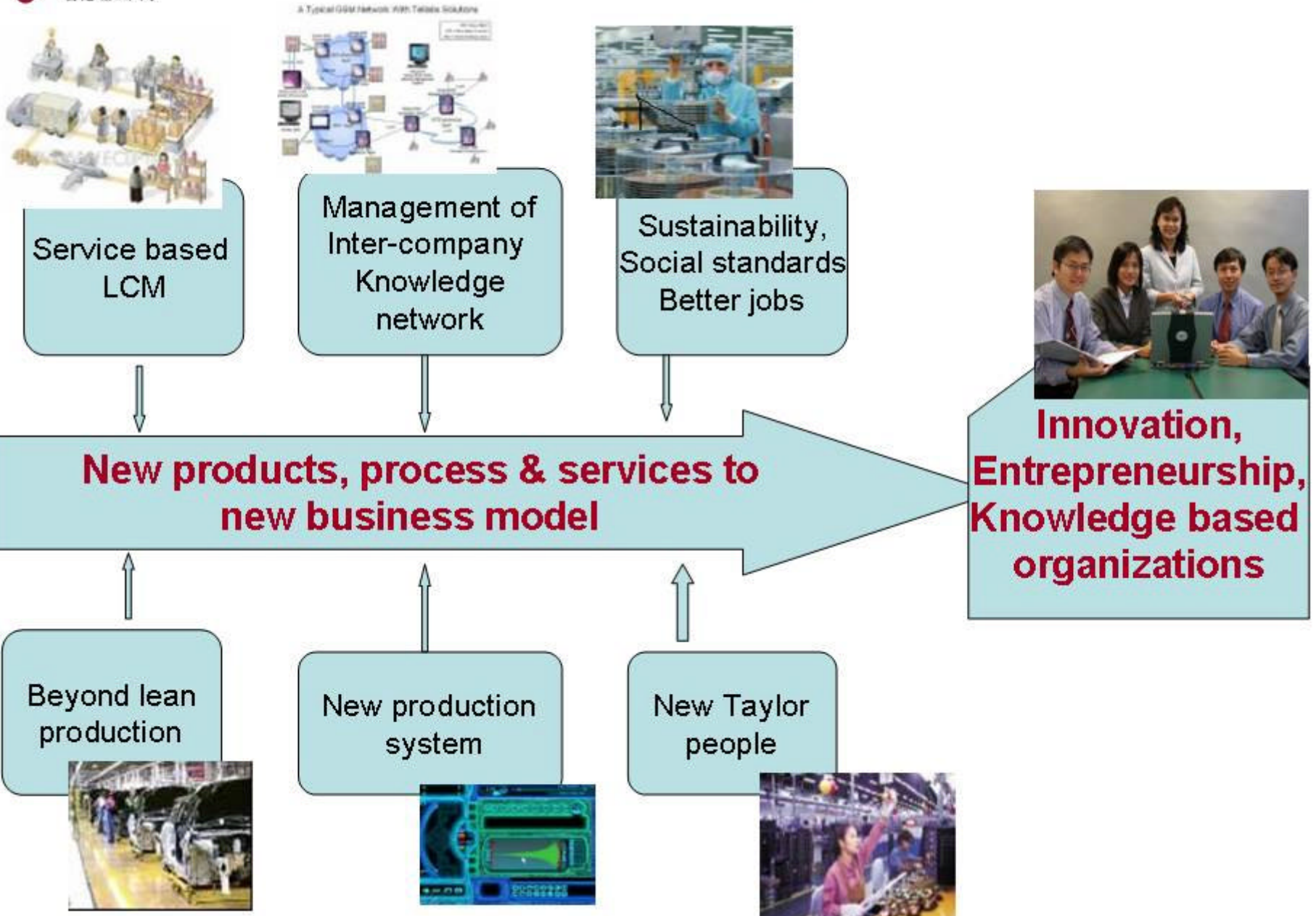
Transformation of the fundamental processes of manufacturing so that they become:

ADAPTIVE – responding automatically to *changes* in the operating environment.

DIGITAL – involving the use of a wide range of planning tools, software and ICT to integrate new technologies into the *design and operation of Manufacturing processes*

NETWORKED – often operating *across the borders of companies and countries*.

KNOWLEDGE-BASED – capturing that knowledge and transferring it via *knowledge platforms and competence networks*



Service based
LCM

Management of
Inter-company
Knowledge
network

Sustainability,
Social standards
Better jobs

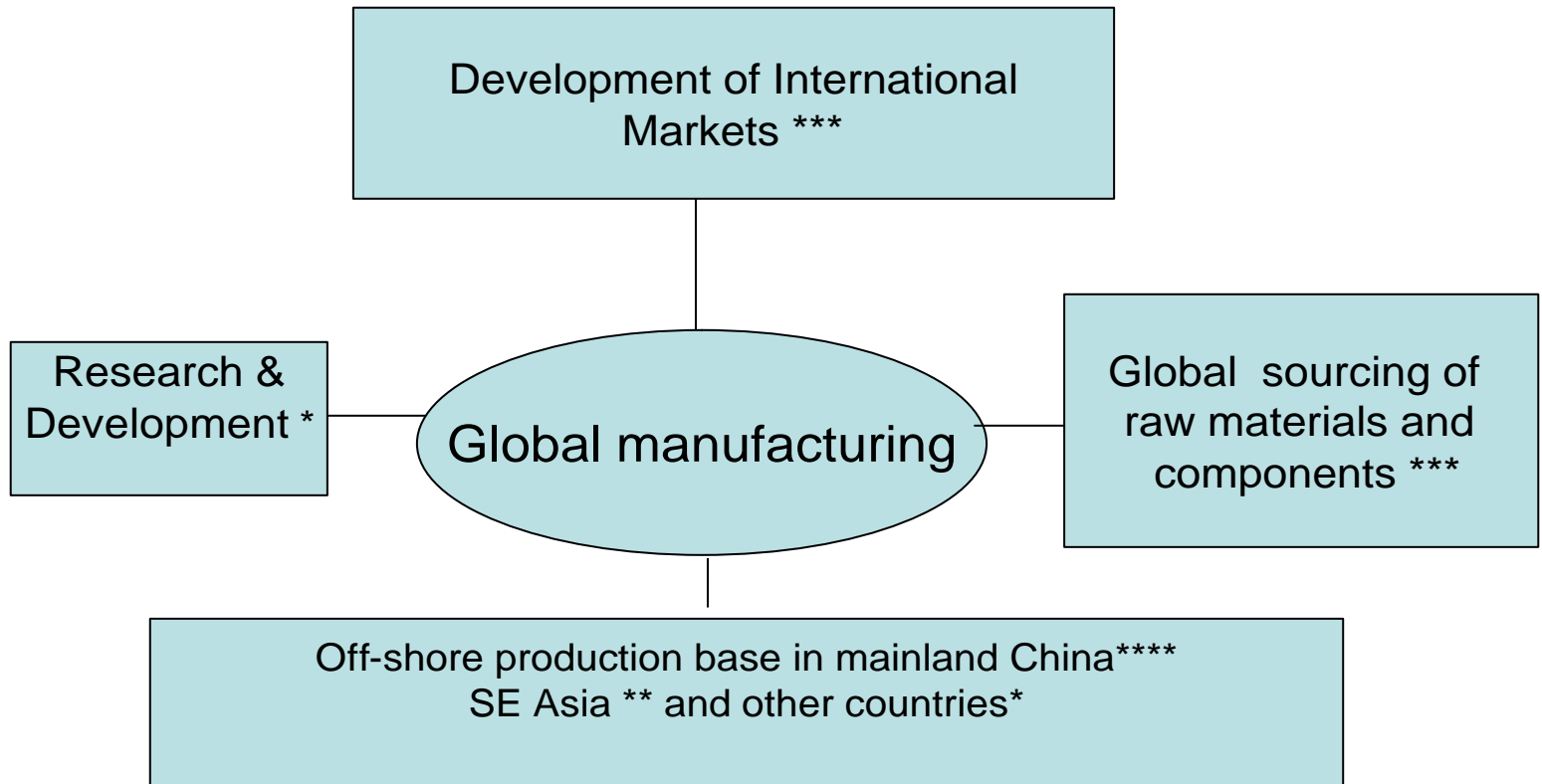
**New products, process & services to
new business model**

**Innovation,
Entrepreneurship,
Knowledge based
organizations**

Beyond lean
production

New production
system

New Taylor
people



*** Excellent
** Good
* Inadequate

Figure 1 Performance of Global Manufacturing of Hong Kong

Broader aspects of networked manufacturing...

<p>Innovation 創新 (893)</p>	<p>E-Commerce 電子商業 (421)</p>	<p>Virtual Enterprise 虛擬企業 (298)</p>	<p>Mfg. Grid 製造網格 (115)</p>
<p>Supply Chain 供應鏈 (612)</p>	<p>Legal Issue 法律 (426)</p>	<p>CAPP (233)</p>	<p>Knowledge Sharing 知識分享 (53)</p>
<p>Logistics 物流 (585)</p>	<p>Outsourcing 外包 (426)</p>	<p>SMEs 中小企業 (221)</p>	<p>Transaction cost 交易成本 (36)</p>
<p>Collaboration 協作 (504)</p>	<p>Alliance 聯盟 (393)</p>	<p>Fractal 分形 (135)</p>	<p>Complexity Theory 複雜理論 (11)</p>

An aerial photograph of a suspension bridge at night. The bridge's towers and cables are illuminated with a purple and blue glow. The bridge deck is lit with yellow lights, and the surrounding city lights are visible in the background under a dark sky with some orange and red clouds.

A tale of two Cities :

The Rising Metropolis



Since China's opening, Hong Kong has been the single largest source of FDI in Guangdong, Shanghai, Jiangsu and Zhejiang.

Since the mid-1990s, manufacturing enterprises based in Hong Kong and clustering in Guangdong have gradually moved to the Greater PRD, and this trend has accelerated in the 21st century.

Made in PRD- Challenges & Opportunities for Hong Kong Industry, 2007, FHKI)





The co-operation between Hong Kong-based enterprises and domestic enterprises in Guangdong has changed from a Hong Kong-dominated *mode to a more co-operative* one.

The complementarities and synergies of the manufacturing base in the PRD and the *producer services* in Hong Kong account for the vibrancy of the partnership for mutual benefit.



Hong Kong's position as an *international city* has supported both Mainland and multinational enterprises that were looking for **a platform to stage their global operations.**

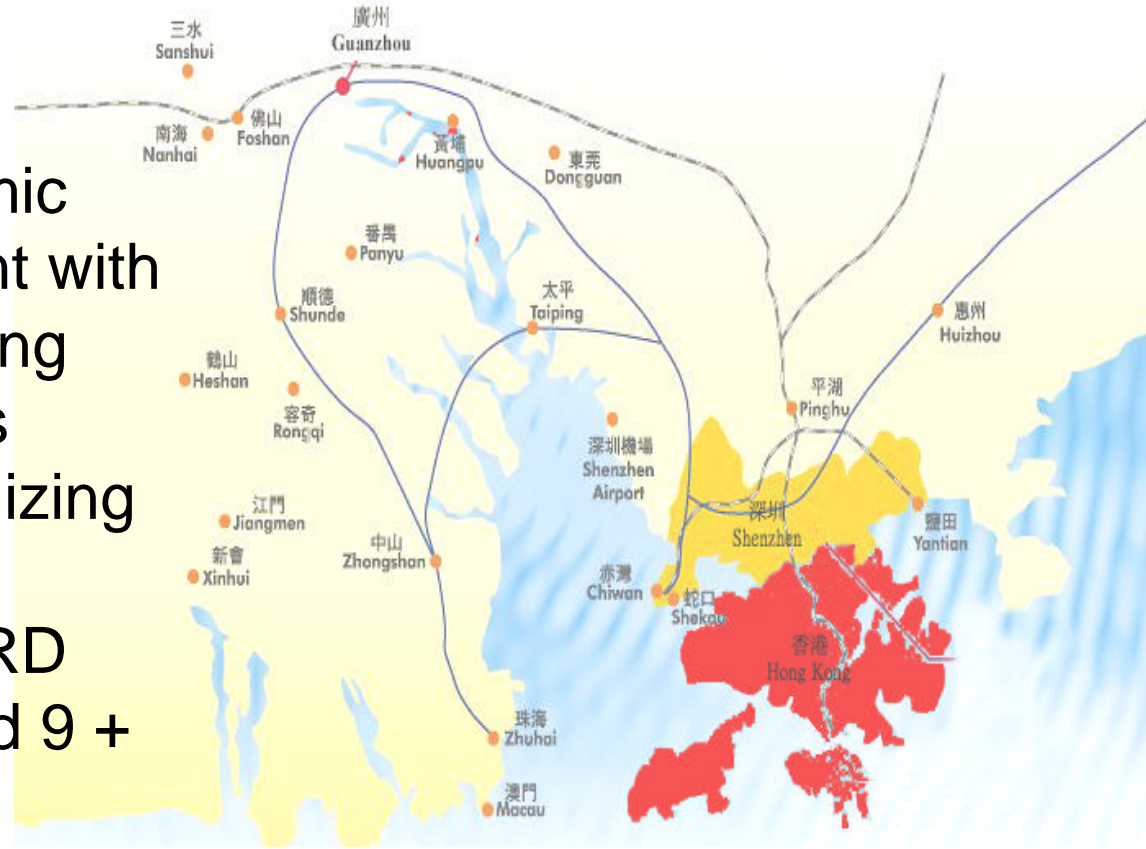


> 60,000 firms

> 12 million workers

Greater Pearl River Delta (PRD)

CEPA (Closer Economic Partnership Agreement with mainland China), turning Hong Kong into 'Asia's World City' and capitalizing on the economic development of the PRD (Pearl River Delta) and 9 + 2 Pan-PRD region.

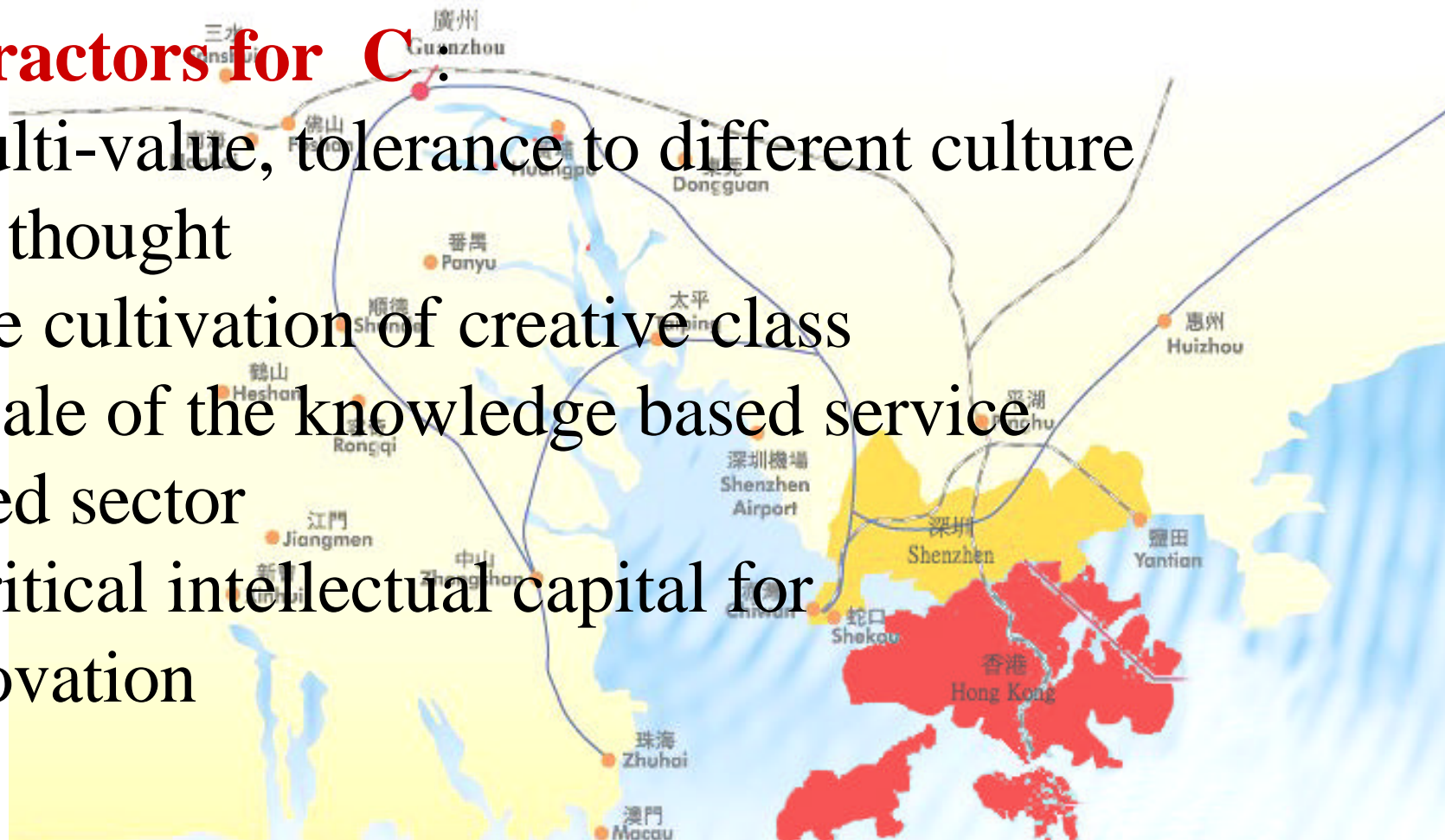


THE HONG KONG
POLYTECHNIC UNIVERSITY
香港理工大學

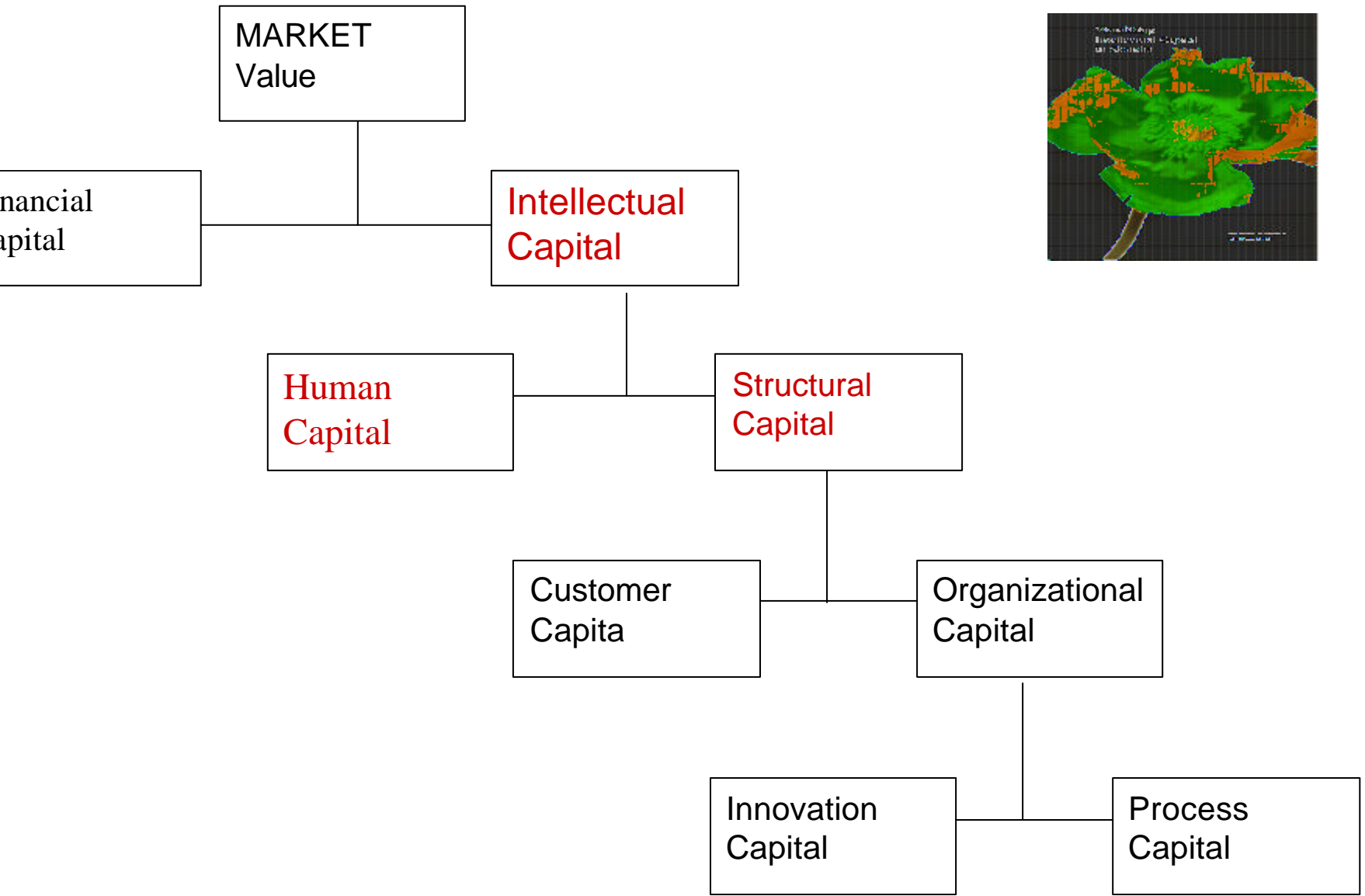
Diminishing importance of hardware infrastructure, tax incentive schemes and economic geography to become world knowledge cities

Attractors for C:

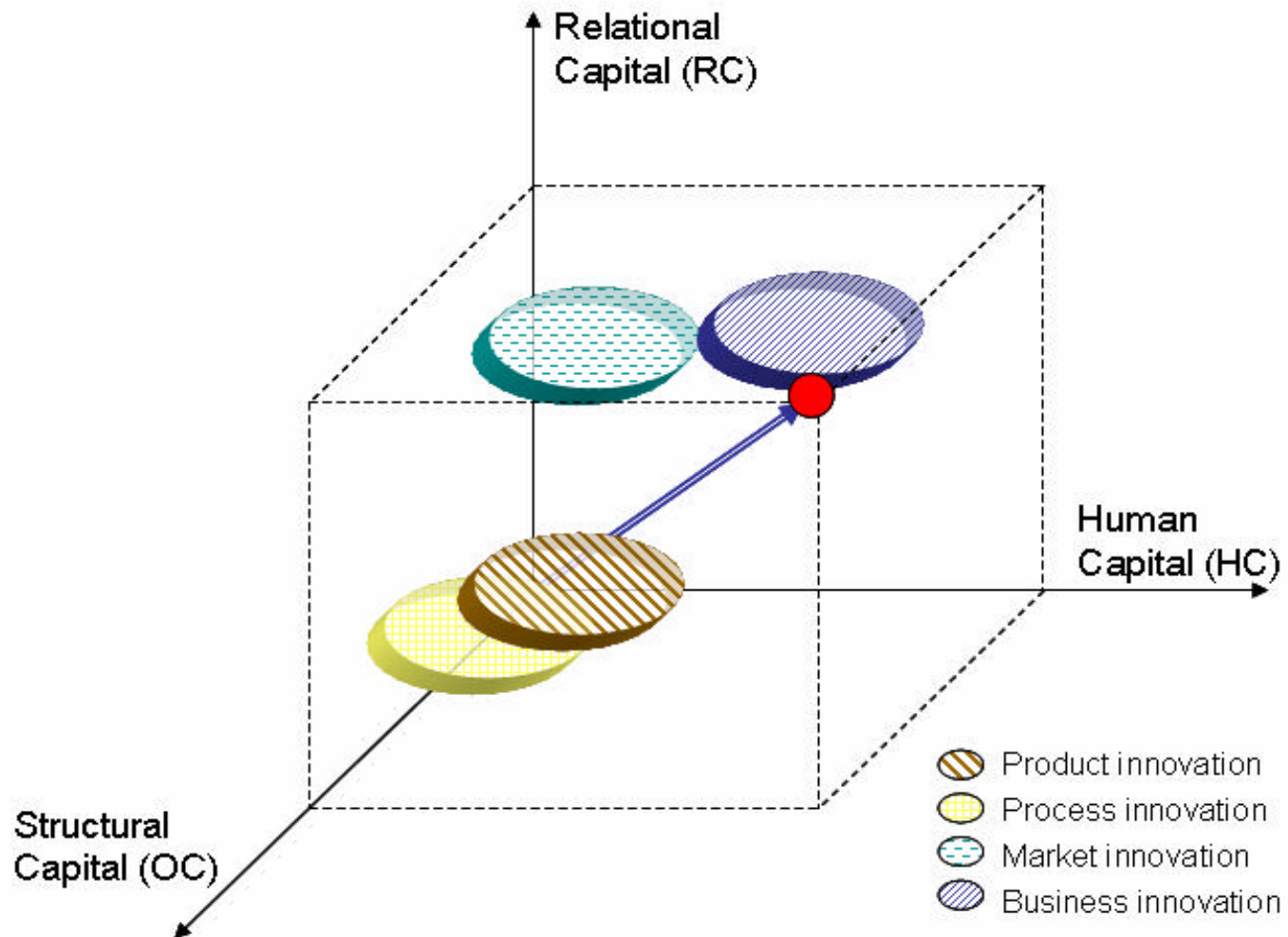
- Multi-value, tolerance to different culture and thought
- The cultivation of creative class
- Scale of the knowledge based service based sector
- Critical intellectual capital for innovation



Skandia Market Value Scheme



Intellectual Capital vs. Innovation

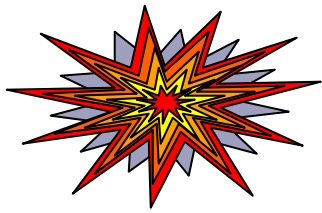


INNOVATION

- *Innovation is “the specific instrument of entrepreneurship ... the act that endows resources with a new capacity to create wealth.” Peter Drucker, 1985.*

OECD Innovation definition

- **Product** – introduction of good or service
- **Process** – implementation of production or delivery method
- **Marketing** - implementation of new marketing method in design, packaging, placement, promotion or pricing of product
- **Organizational** - implementation of a new organizational method in the firm’s business practices, workplace organization or external relations.



Innovation Indicators

1st Generation Input Indicators (1950s-60s)

- **R&D Expenditures**

2nd Generation Output indicators (1970s-80s)

- **Patents, Products etc**

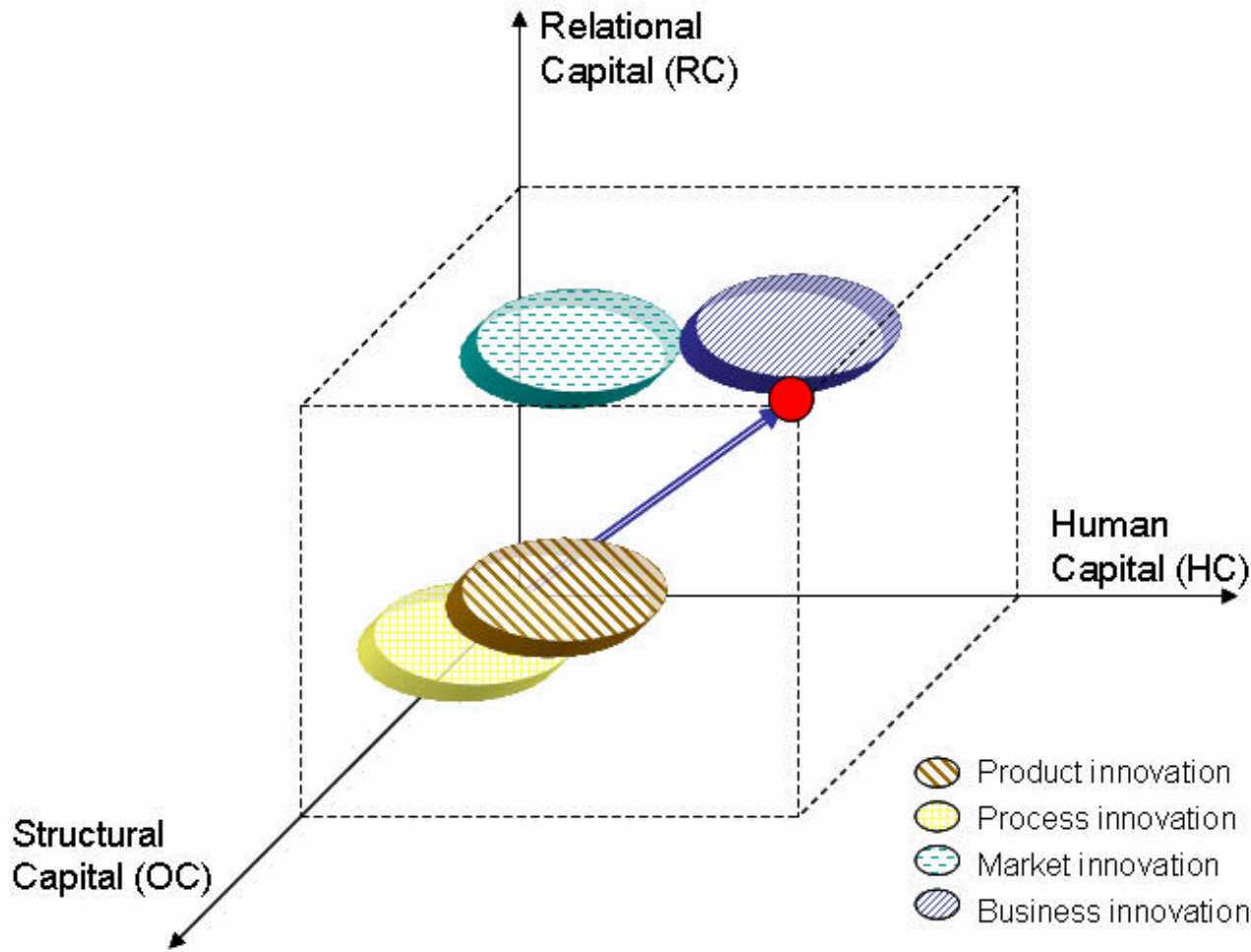
3rd Generation Benchmarking Indicators (1990s)

- **Benchmarking, Best Practices, etc.**

4th Generation Indicators (2000+)

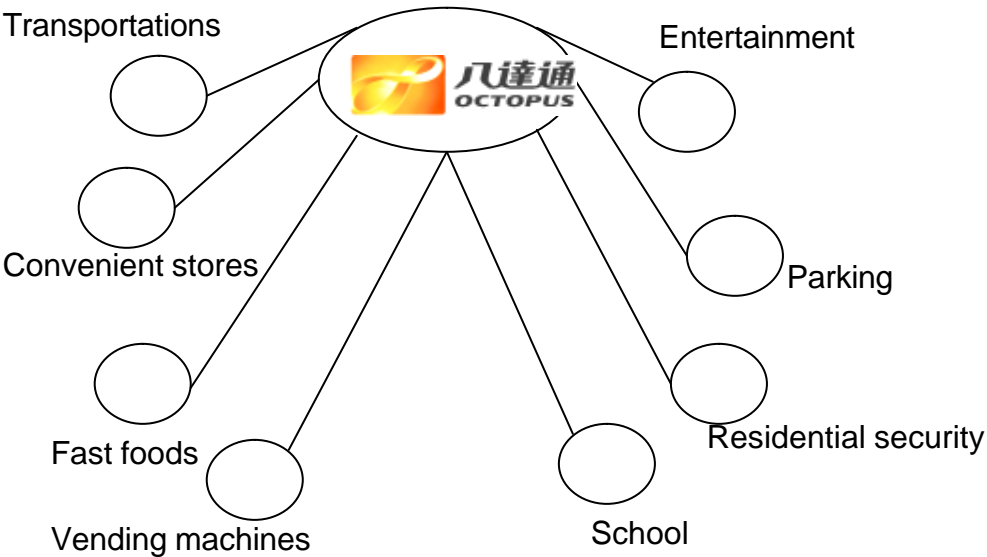
- **Intellectual Capital, and Cultural Factors**

3D Intellectual Capital model on Innovation





Case 1: Octopus Card



	2005	2006
profit	40M	68M
# service providers	349	431
# cards	13.2M	14.7M
Avg. daily trans value	64.7M	73.3M

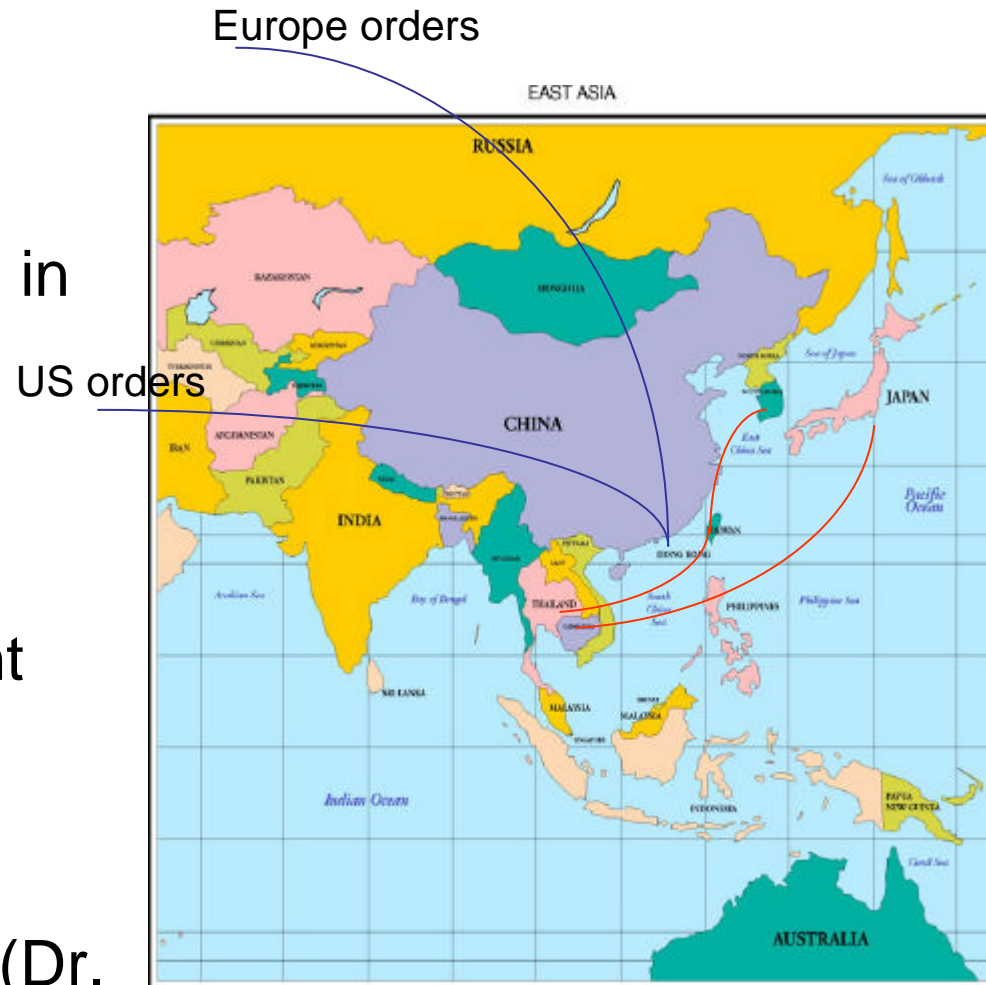
MTR 2006 annual report data

- Leverage established transport, financial and IT systems
- Culture - high density population, efficiency, speed, openness
- Relational – platform for collaboration and partnership
- Business model - revenue sharing

Case 2: Li & Fung

- Dispersed manufacturing / **smokeless factory**
- Operating in 40 countries
- 25,000 staff worldwide
- over 10,000 suppliers
- 8.7 billion (USD) turnovers in 2006

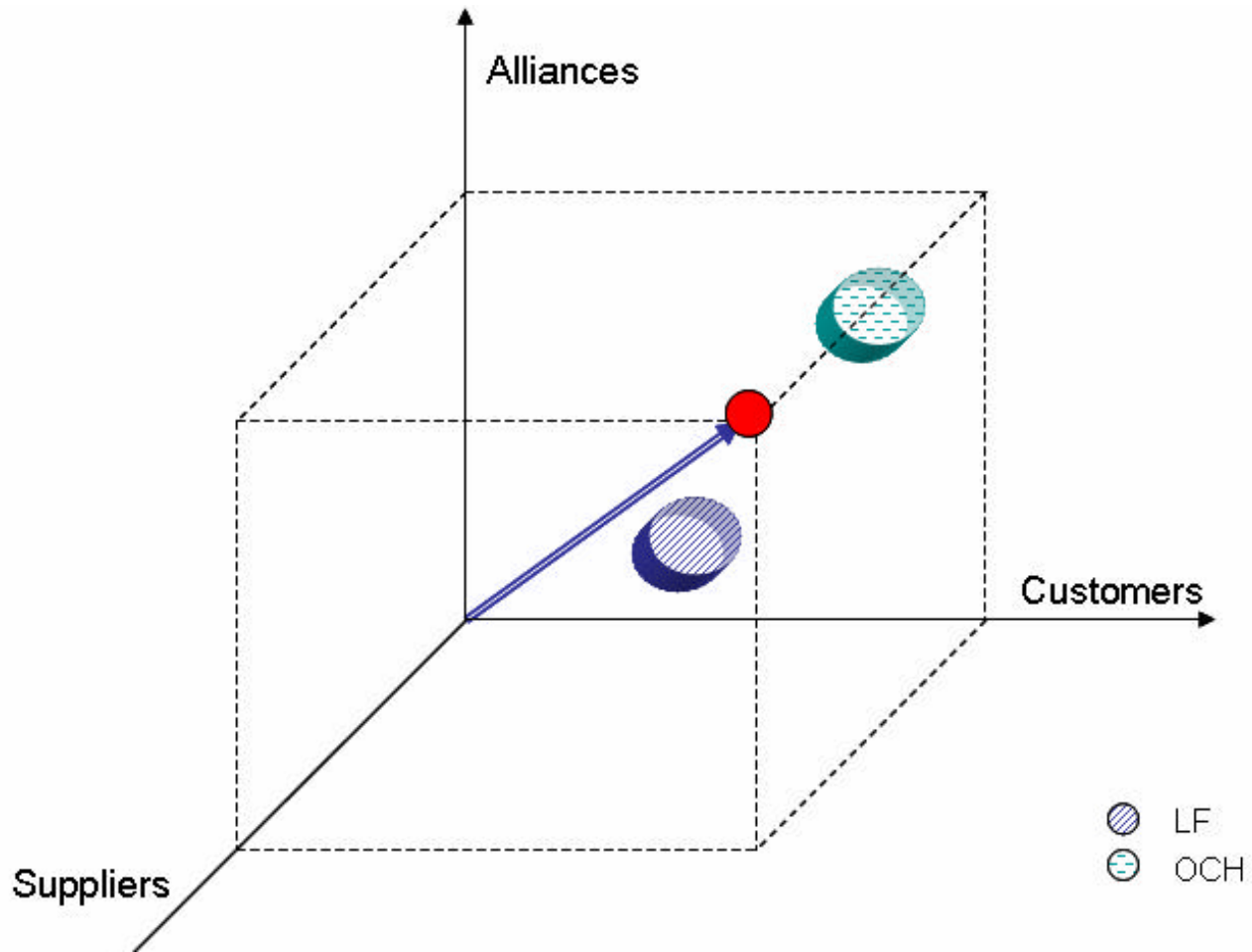
- **Leverage resources of partners**
- Supply Chain Management
- Process management
- Trust of suppliers
- **“Value of commercial relations is very important”** (Dr. Victor Fung in a HBR interview)



The seven principles of Li & Fung

1. Be **customer**-centric and respond accordingly to the market demand
2. Focus on one's core competency and outsource non-core activities, and develop a positioning in the **supply** chain
3. Develop a close, risk- and profit-sharing relationship with business **partners**
4. Adopt information technology to optimize the operation of the supply chain
5. Design, implement, evaluate and adjust the work flow, physical flow, information flow and cash flow in the supply chain
6. Shorten product lead time and delivery cycles ;
7. Lower costs in sourcing, warehousing and transportation

3D model on Organization's Relational Capital



Case 3 Johnson Electric



Centre of Excellence (COE) System

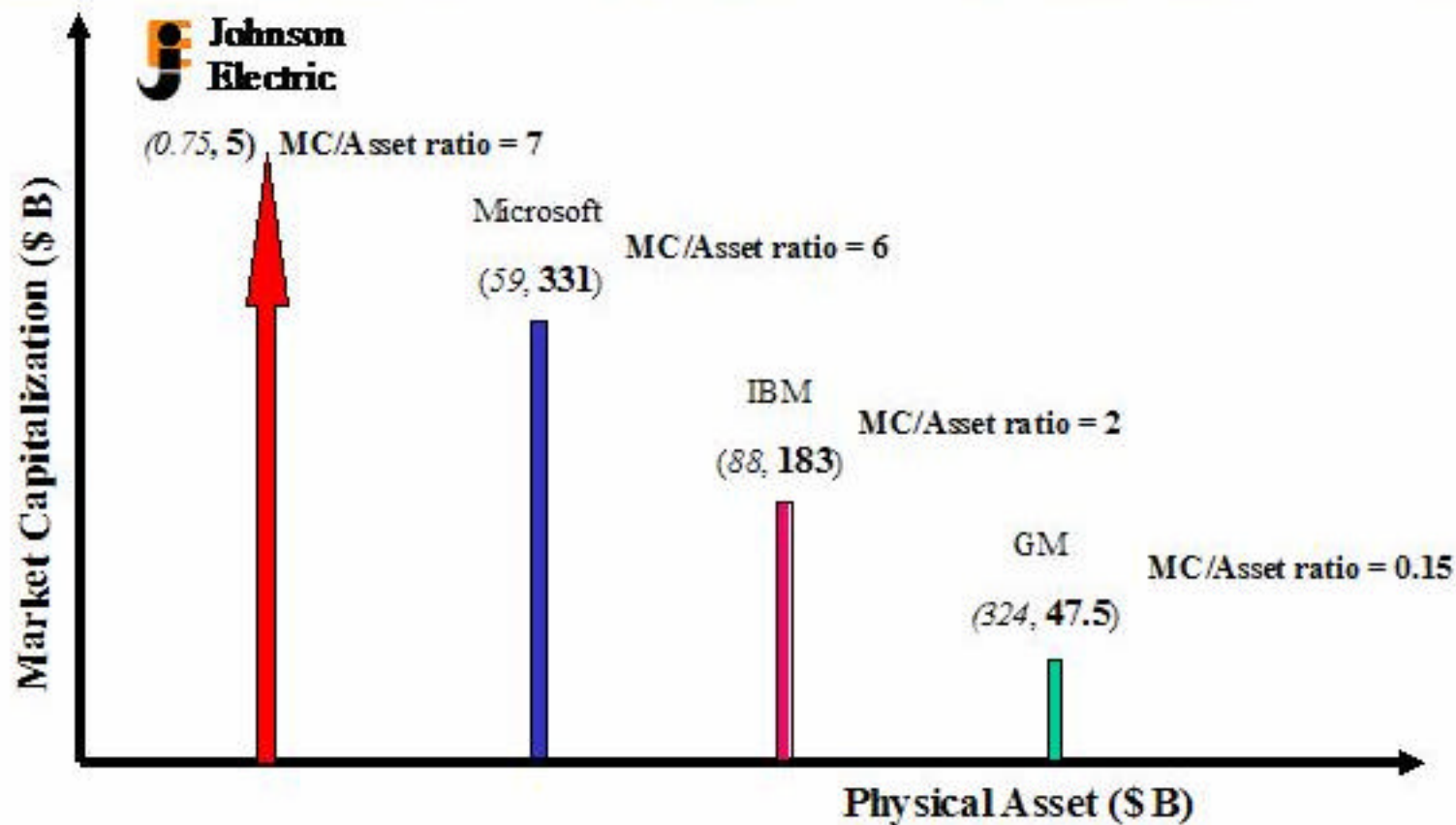
Over 3 million motors /day.

Over 40,000 employees in
20 countries

Manufacturing : China,
Germany, Switzerland,
Poland, Hungary, USA, Italy,
Spain, UK, France, Argentina,
Brazil etc.

- Global Engineering Community was established in Oct 2001
- Support function for Johnson Electric (JE) to leverage technology across geographic regions (HK, Mainland China, US, Italy, Switzerland and Germany)
- Responsible for developing & implementing best of breed technology in its specific area

Market Capitalization Vs Physical Asset



About Center of Excellence (COE) in Johnson Electric

????

Motor Technology

1. 材料 Material
2. 無刷馬達 Brushless Motor
3. 電子學 Electronics
4. 磁鐵/有磁性 Magnet/Magnetic
5. 襯套 Bushing
6. 刷 Brush
7. 轉接器 Commutator
8. 低噪音、低震動的肅靜 NVH
9. 電磁干擾 EMI
10. 齒輪 Gear
11. 空氣流動/流動機械 Air Flow/
Fluid machinery

????

Manufacturing Technology

1. 金屬模具加工 Metal Tooling
2. 馬達裝嵌 Motor assembly
3. 塑膠/注塑模具加工
Plastic/Injection Tooling
4. 快速模具科技 Rapid Tooling
Technology
5. 軸承製造 Shaft Manufacturing
6. 繞線 Winding
7. 夾具 Fixture

A prototype of knowledge portal

Personalization

Web-based Documents Management

Microsoft Internet Explorer

View Favorites Tools Help

Address <http://eslnb5/COE/Portal/>

JOHNSON ELECTRIC Home

Home Search Categories **Document Library** Subscriptions Centre of Excellence COE

Content | Layout | Settings | Help

Search This site for Go Advanced search

News

COE News
COE News: Roadmap Planning Workshop (Electronic & Brushless Motor COE)
Centre of Excellence (COE)
Highlights
Are you a design engineer? Welcome to the next step in the evolution of the COE

Categories

- * BU_Roadmap
- * COE Air Flow or Fluid Machinery
- * COE Brush
- * COE Brushless Motor
- * COE Bushing
- * COE Commutator
- * COE Electronics
- * COE ENI
- * COE Fixture
- * COE Gear
- * COE Injection Tooling (Plastic Tooling)
- * COE Magnet or Magnetic
- * COE Material
- * COE Metal Tooling
- * COE Motor assembly
- * COE NVH (Noise Vibration Hashness)
- * COE Rapid Tooling Technology
- * COE Shaft Manufacturing
- * COE Winding
- * Design Guide
- * Technical Information or Specification or Drawing or Paper

Quick Links

Engineering Portal.url
Useful Links.htm
Johnson Electric - Home.url

Subscription Summary

You do not have any subscriptions.

Announcements

Announcement for Gear COE team
Gear COE team Meeting
Announcement for COE teams
COE teams Meeting

Local intranet

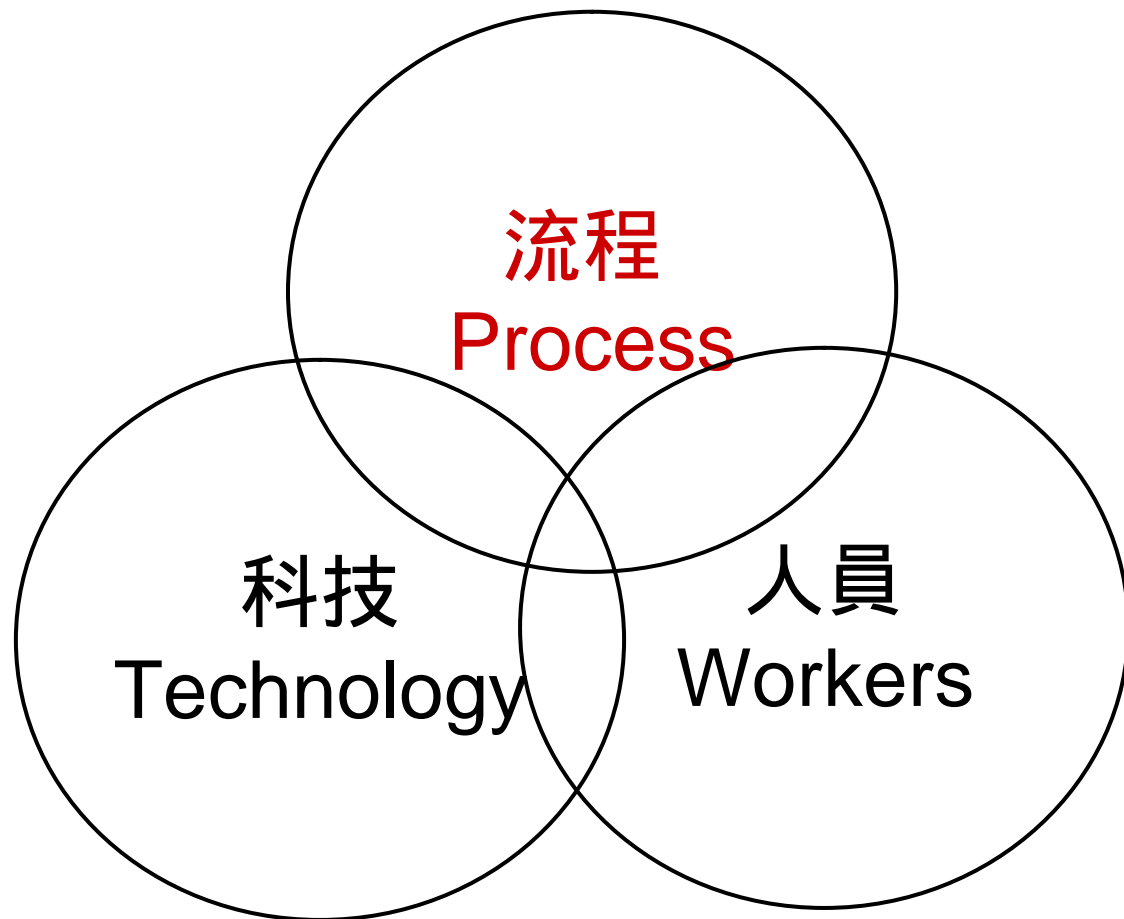
Rich Search

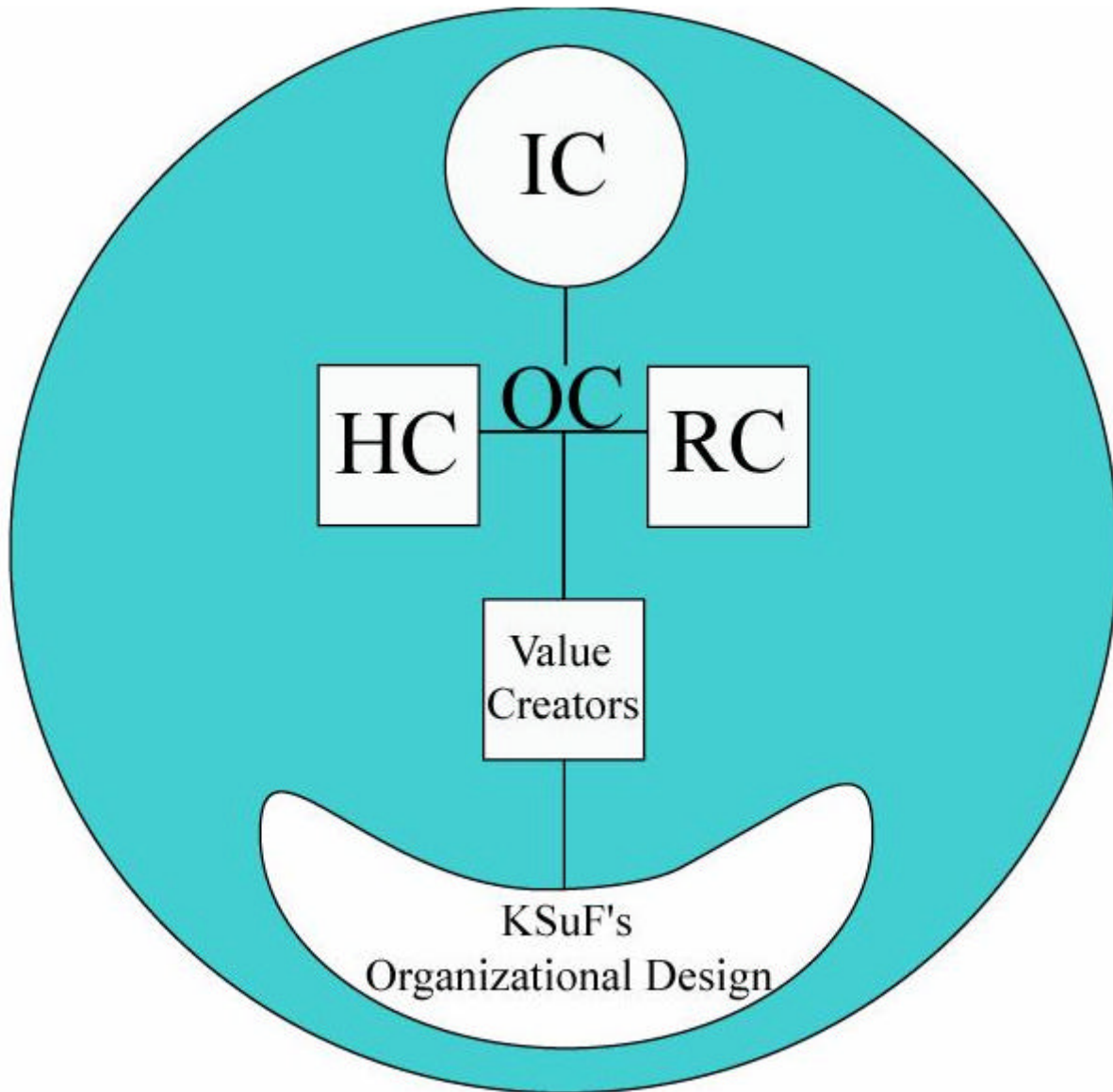
Category Browsing

Subscription



創新資本 Innovation Capital



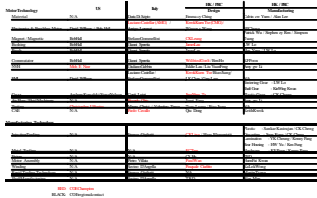


人力資本

結構資本

關係資本

專家名冊
(Yellow Page /
Expertise Locator)



專員名稱	職銜	服務範圍	服務時間	服務地點
陳國強	經理	電力工程	星期一至五 上午九時至下午六時	新加坡
李國強	經理	電力工程	星期一至五 上午九時至下午六時	新加坡
...

卓越中心平台
(CEO Platform)



客戶
(Customers)

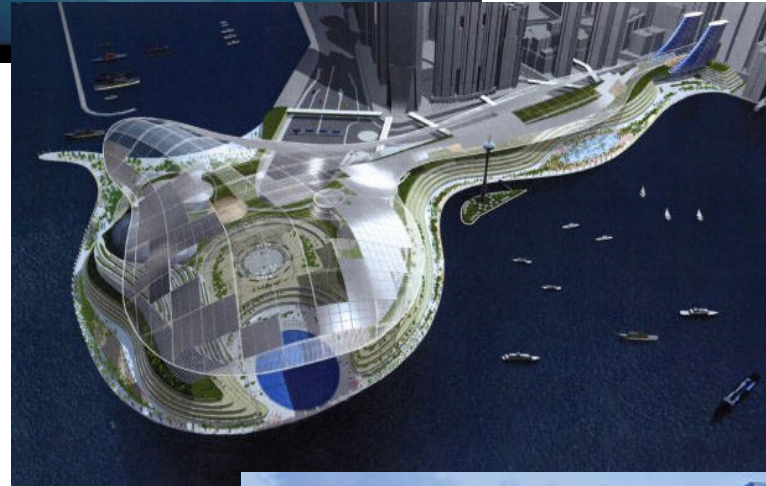
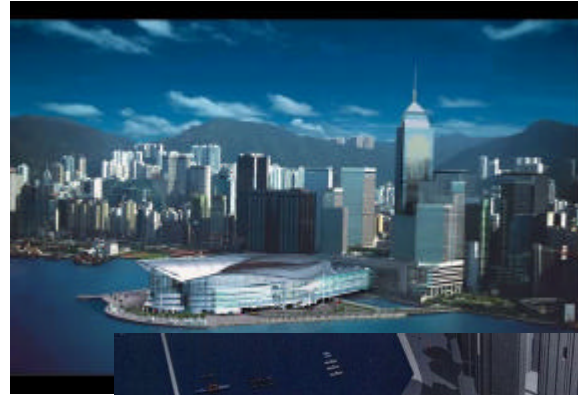


加速產品開發, 增加客戶忠誠度

公司利潤

Building Hong Kong & Shenzhen Metropolis

- *“Seamless Port” between Shenzhen and Hong Kong*
- *Fully exerting complementary advantages and Interacting as “Twin Cities”*
- *Free flow of people across the border*
- *Long-term development strategy — co-build one of the world’s greatest metropolis*

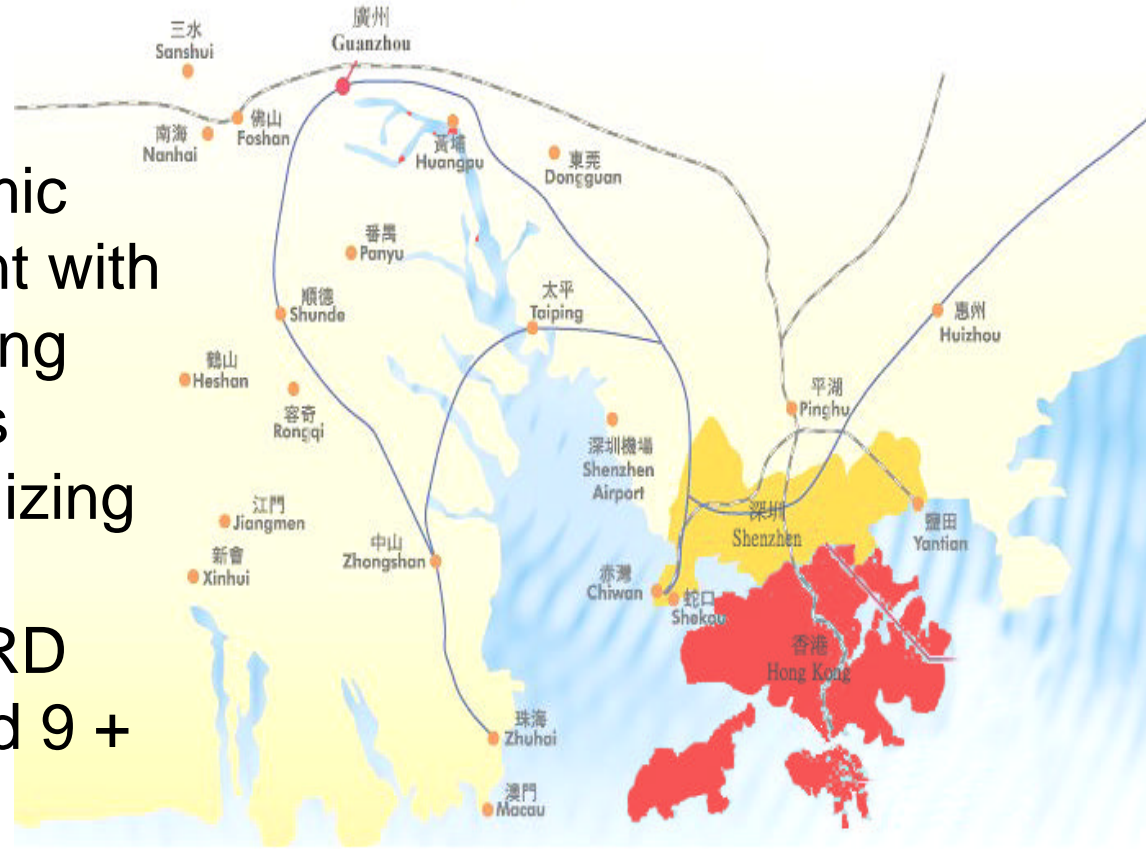


> 60,000 firms

> 12 million workers

Greater Pearl River Delta (PRD)

CEPA (Closer Economic Partnership Agreement with mainland China), turning Hong Kong into 'Asia's World City' and capitalizing on the economic development of the PRD (Pearl River Delta) and 9 + 2 Pan-PRD region.

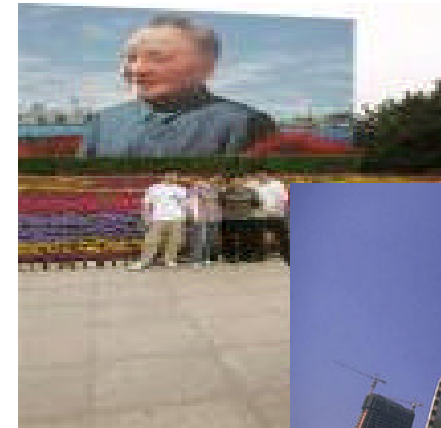


THE HONG KONG
POLYTECHNIC UNIVERSITY
香港理工大學



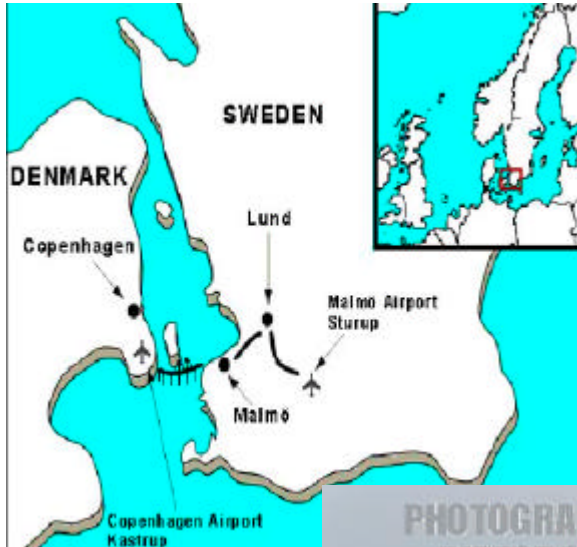
Two large-scale social-political-economical experiments

One Country Two System



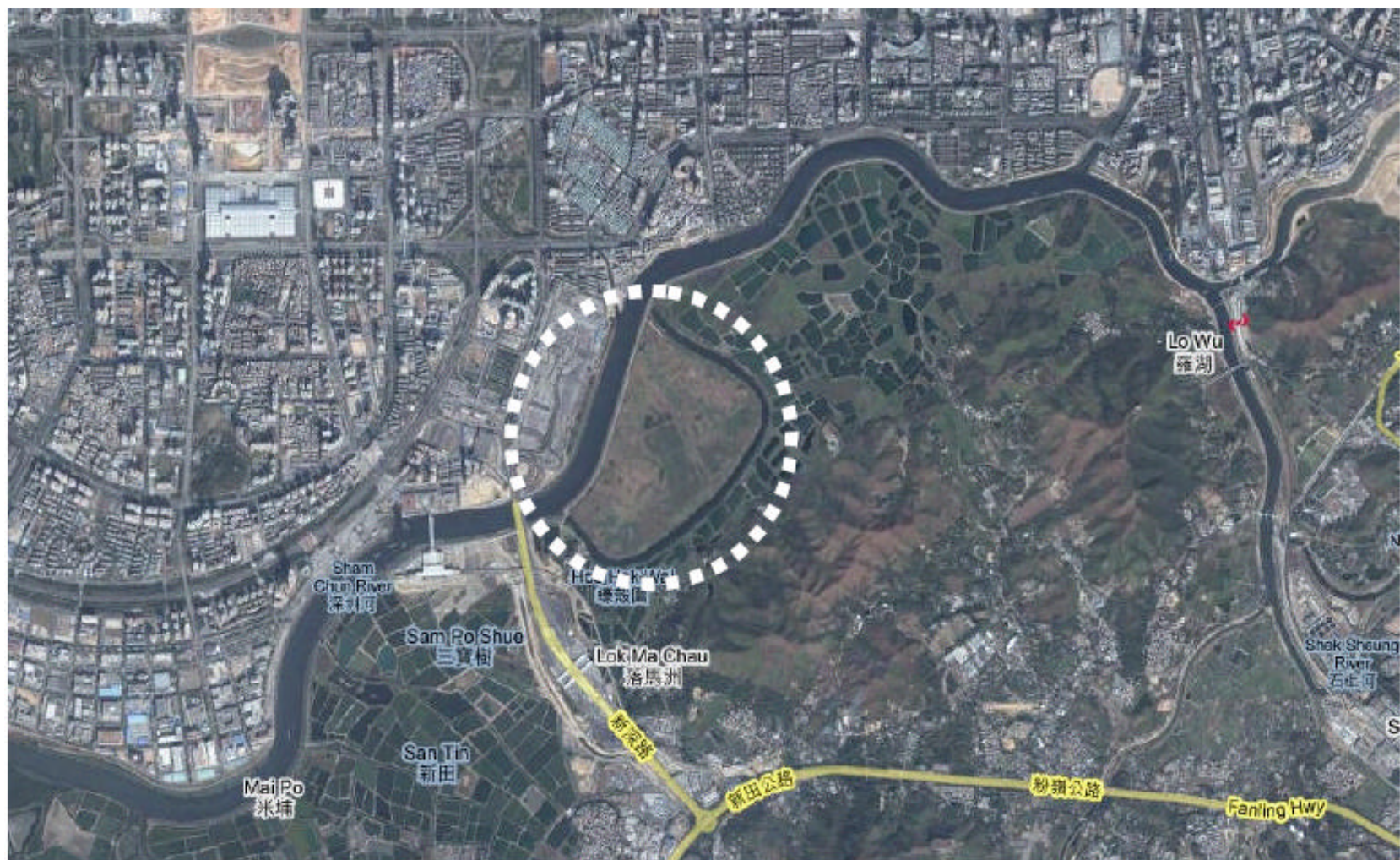
The Shenzhen Innovation City

Two Countries One System



One Country Two systems



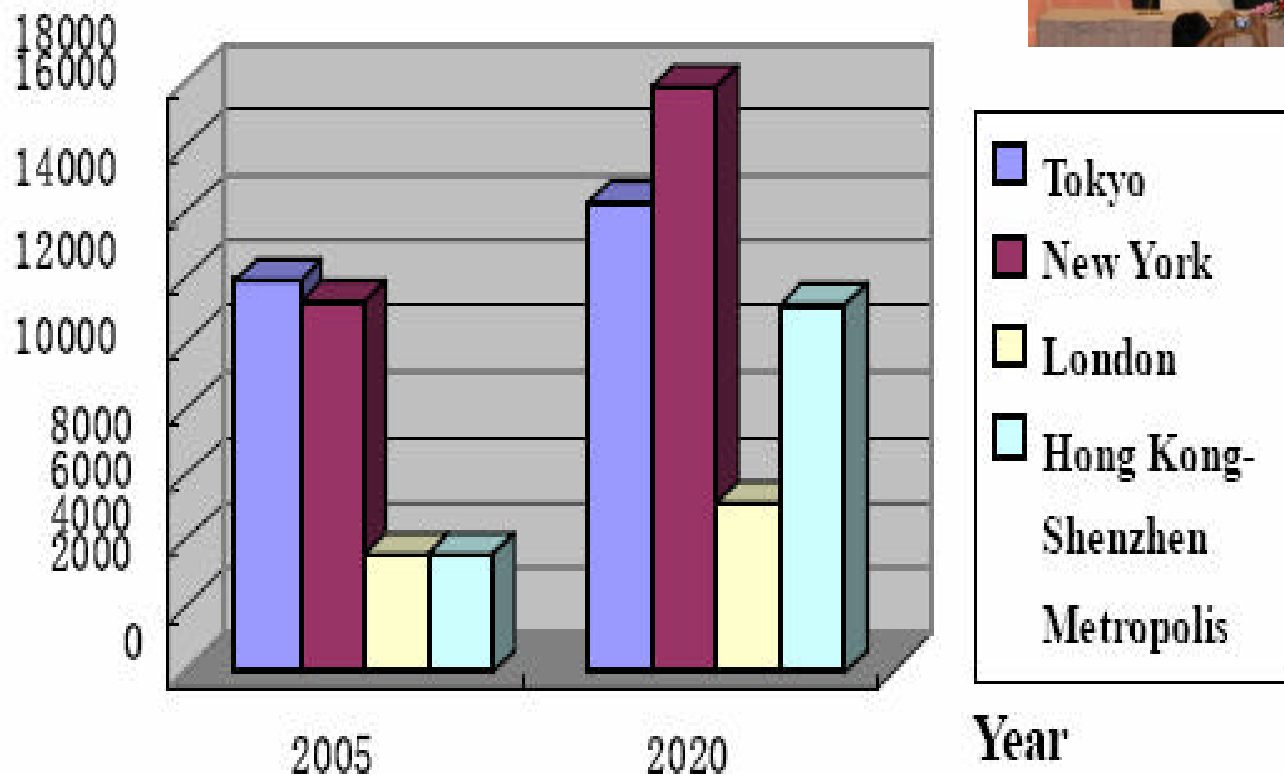




深港灣區示意圖

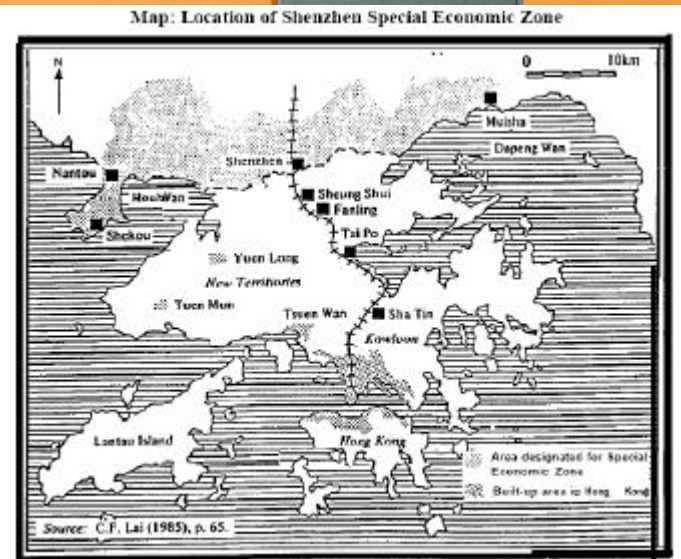


GDP/US\$100 million



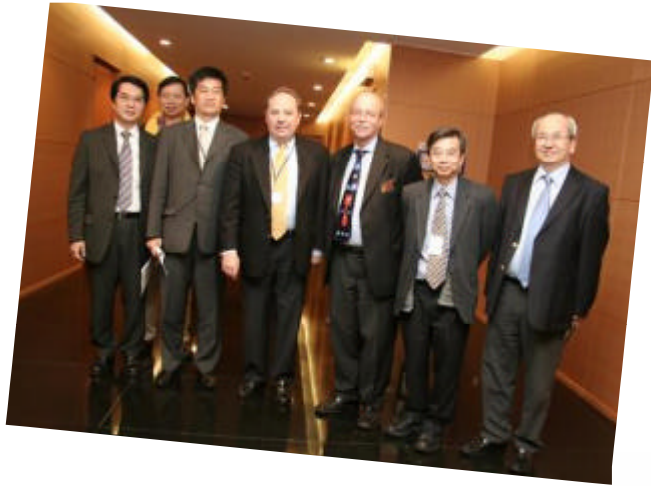
GDP Comparison between Hong Kong-Shenzhen Metropolis
 and Three Major World Cities

The long-term objective of the cooperation is to jointly develop a **world-class metropolis** comparable with Greater New York and Greater London. This metropolis, **covering 3,200 square kilometers** and having **a population of about 20 million**, would be one of the top metropolises in economic size, trade volume and investments.





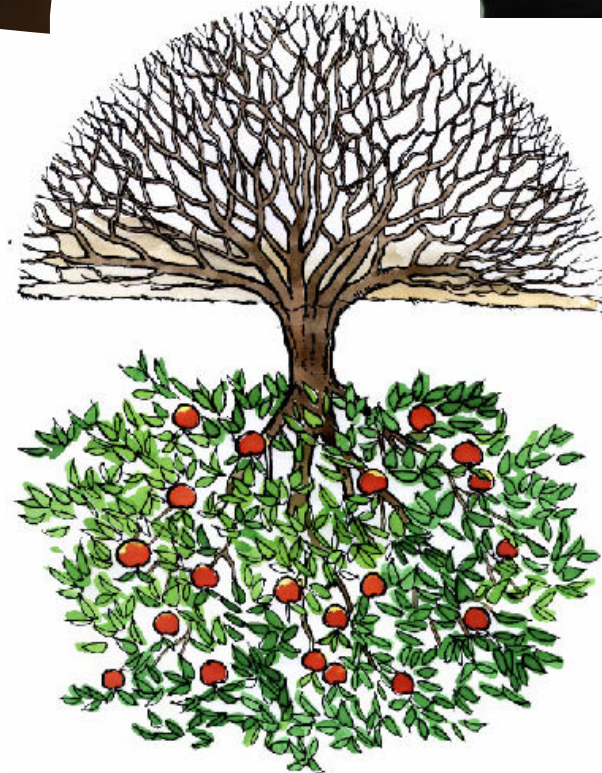
The realization of the Hong Kong-Shenzhen Metropolis is not only a massive urban development but also a bold social experiment on “one country two system” on an unprecedented scope and scale, the success of which will have implication not only for the whole of China but beyond.



**Relational
& Culture**

Flow

Assets



Future

Present

Past

leif.edvinsson@unic.net

Asean Intellectual Capital Alliance



Thank You !

