Intellectual Capital for
Communities
In the Knowledge Economy

Intellectual Capital for Communities in the Knowledge Economy Nations, Regions, Cities and Emerging Communities

Intellectual Capital for Communities
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Intangibles and firm's agility : from potential to realisation

- Agility = Innovative IC
- Innovation = Employee creativity
- Employee creativity =
  - Potential IC
  - Conversion of potential IC to realized IC
- Realized must generate Yield
- Problems:
  - Quantifying potential IC
  - Management 'Valley of Death' for realized IC

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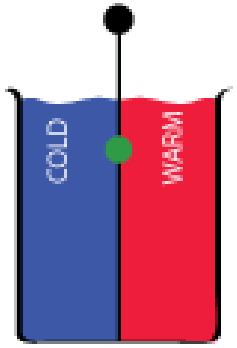
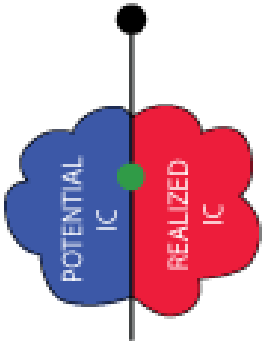
Available Potential to Realized IC

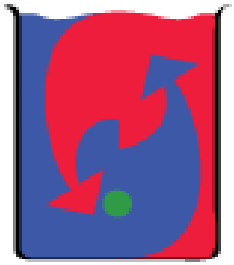
1 In the physical world...



In intellectual capital...

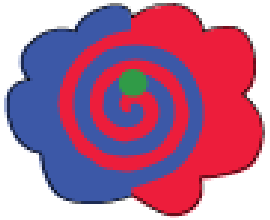


2 Remove the barrier...



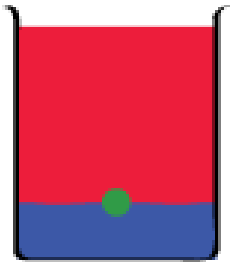
and kinetic energy is generated as potential energy becomes real.

Activate the perceptual cycle...



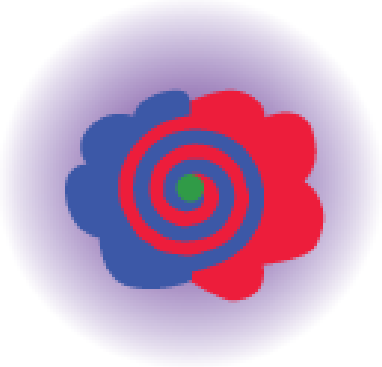
and available potential IC becomes realized IC.

3 Physical, finite matter achieves a resting state,



but there is residual potential that's not accounted for.

Available potential-to-realized IC conversion ratio is virtually unlimited.



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From Realized IC to Yield

Three Time Period Results from Three Companies Conversion and Yield

Company	Explicit Potential IC Units	Realized IC Units	Yield from Realized IC Units	Eventual Revenue
Company A	1. 20 2. 20 3. 35 …	1. 5 2. 16 3. 6 …	1. 1 2. 3 3. 3 • …	1.$130K 2.$25K 3. $175K • …
Company B	1. 15 2. 20 3. 25 …	1. 5 2. 7 3. 7 • …	1. 3 2. 4 3. 3 • …	1.$120K 2.$135K 3. $130K …
Company C	1. 25 2. 40 3. 45 …	1. 7 2. 13 3. 16 • …	1. 2 2. 1 3. 3 • …	1.$112K 2.$105K 3. $113K …

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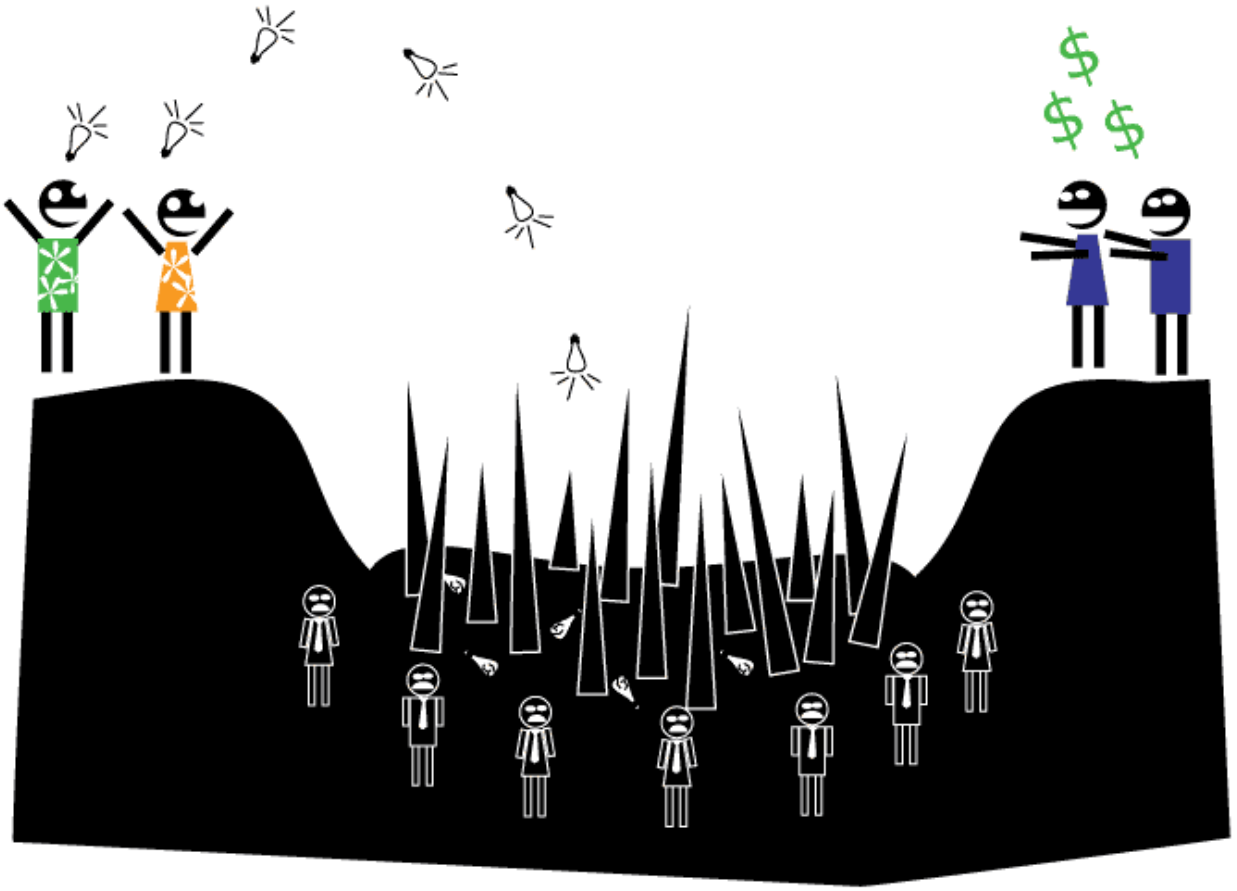
Management “Valley of Death”



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Management “Valley of Death”

- Kills Emotion+excitement
- Management valley of death to creativity:
  - Buffer – management filter capital allocation
  - Conservation of energy: guiding construct
  - Goal: maintain equilibrium
  - Only accept incremental ideas
- Intrepreneurs purpose: Support management

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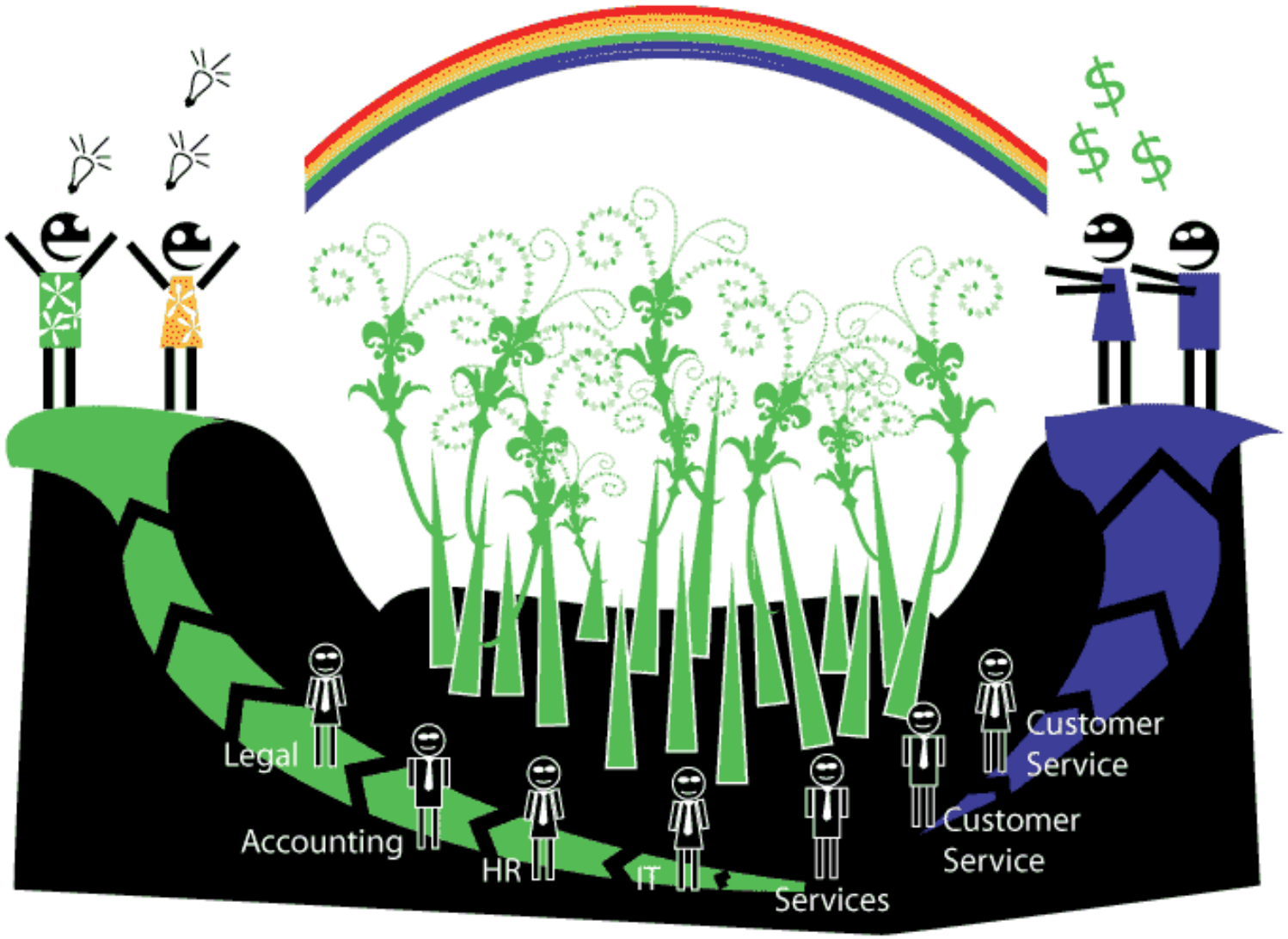
Overcoming Management "Valley of Death"



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New Corporate Focus

- Entire corporate structure designed to support small cadre of creative intrepreneurs
- New feedback loop with customers
  - New allocation of resources focus:
    - Market allocates capital, not management
- New design based dynamic equilibrium:
  - Direct co-design connection to customer base
    - Use of social media for crowd design
    - Rapid prototyping using open systems
    - Rapid product prototyping using 3-D printing
    - Cloud based – SOA for services
- Prototype to Production hand off guided by management