



# Towards Sustainable Future

an evolved approach for 'sustainable growth'

ICMG Co., Ltd.



1. Sustainable Community
2. IC Rating® Sustainability Building Approach
3. Introduction of ICMG  
(Intellectual Capital Management Group)

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# 1. Sustainable Community

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# Sustainable Community vs Isolated Community

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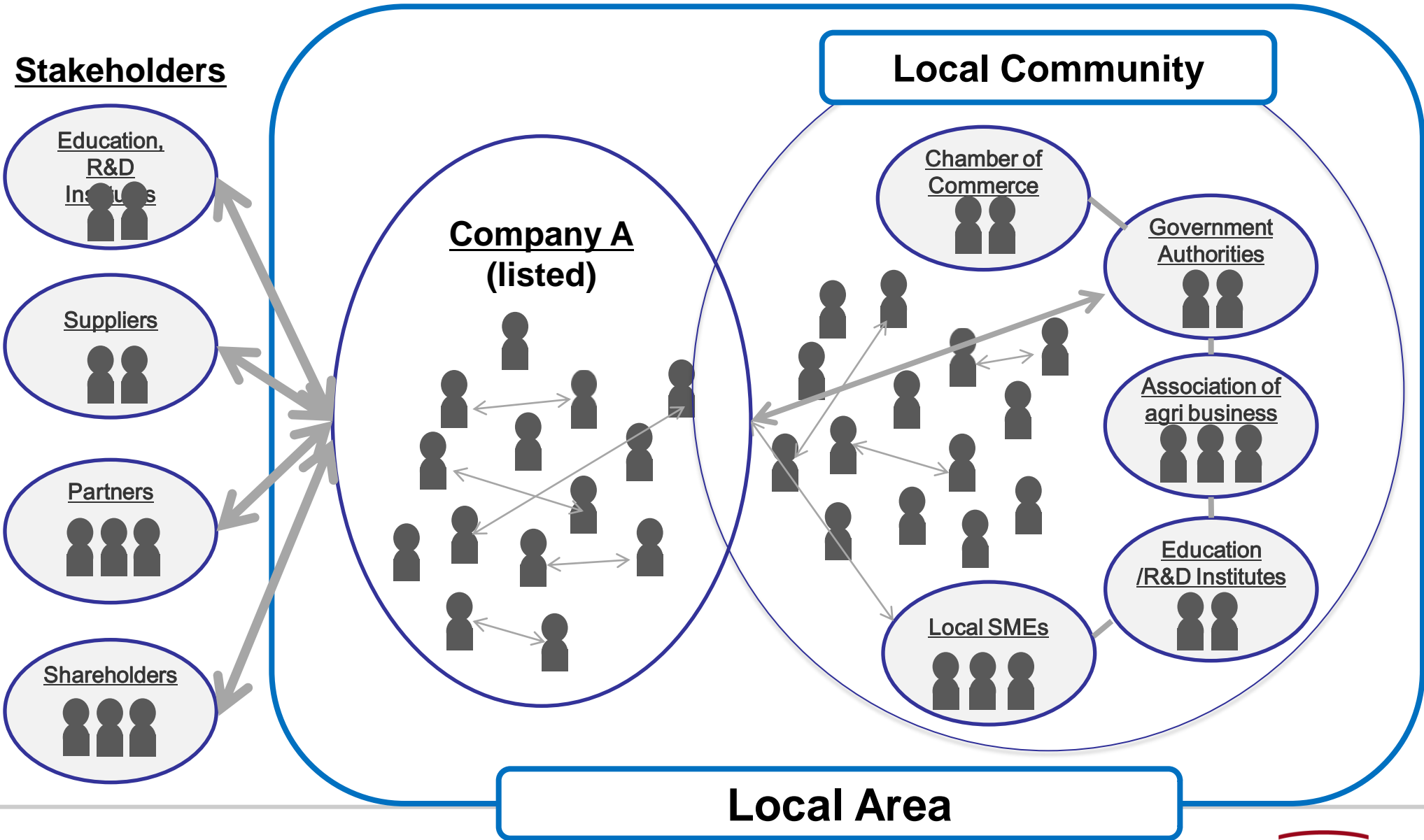
## ‘Sustainable Community’

- Renewable
  - ✓ The whole community system is renewable.
- Co-existence and Co-prosperity
- The community as a whole creates value
- Company is part of local community.
- Company enjoys its long term sustainable growth status
- Local community enjoys its long term sustainable growth status
- Environmentally excellent, natural resources are cared and maintained
- Etc.

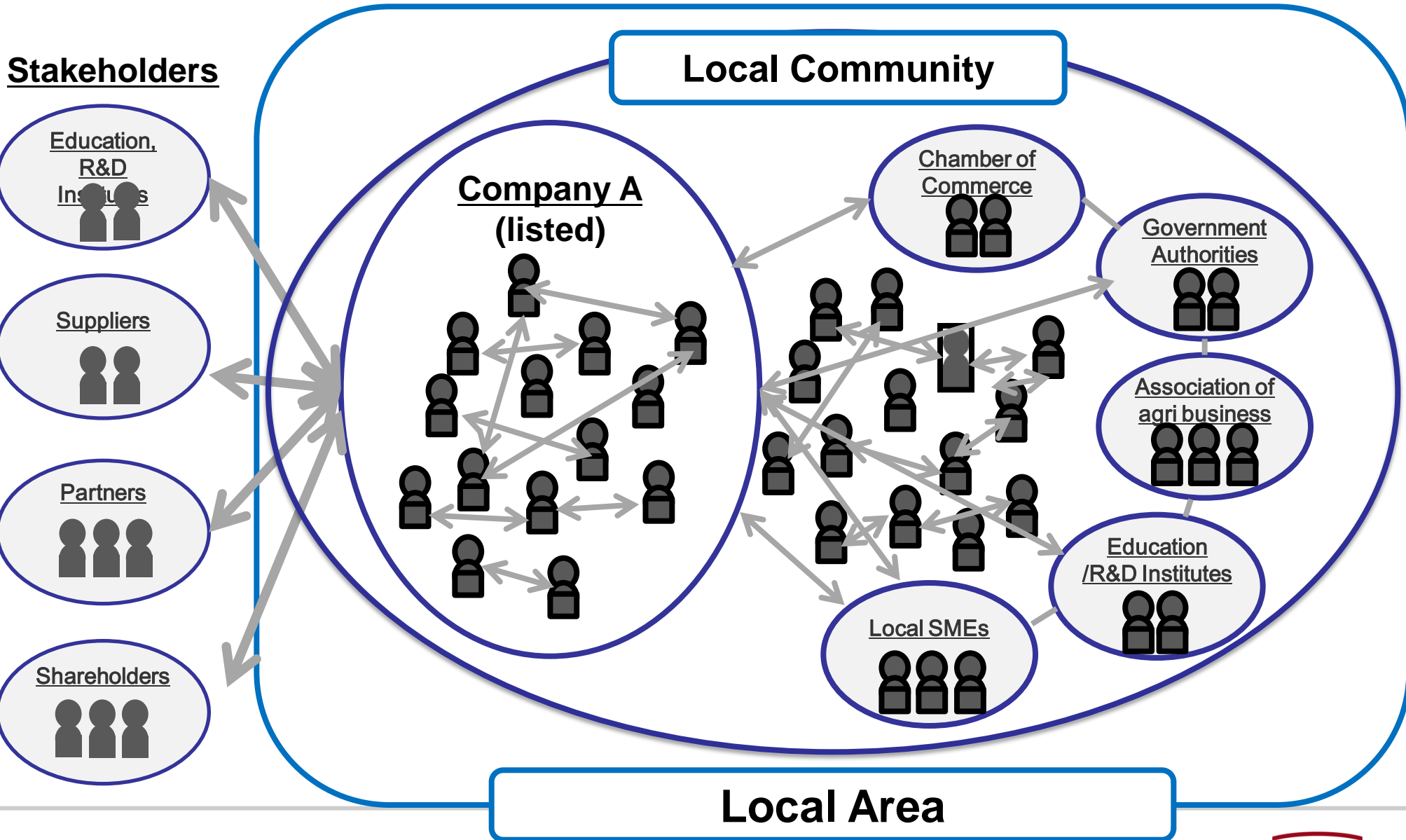
## ‘Isolated Community’

- Repeated Replacement
  - ✓ Existing community system is gradually being replaced by emerging system
- Company and local players are seeking for their own interests.
- Company and local players are isolated with each other.
- Long term sustainable growth is not ensured for a Company
- Environmentally vulnerable, natural resources are not maintained
- Etc.

# Isolated Community



# Sustainable Community



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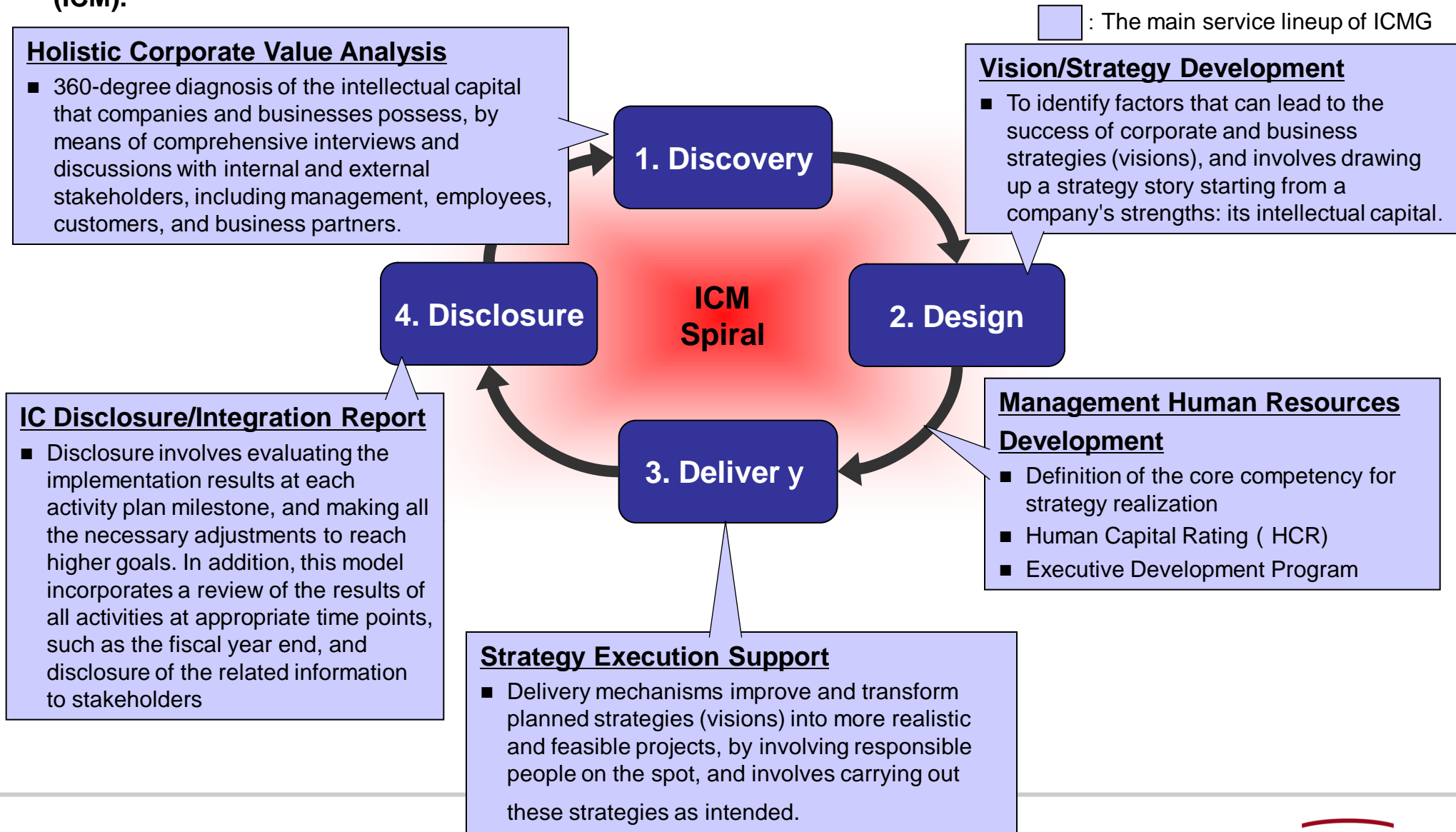
## 2. IC Rating® Sustainability Building Approach

ICMG Co., Ltd.



# Our Support Steps

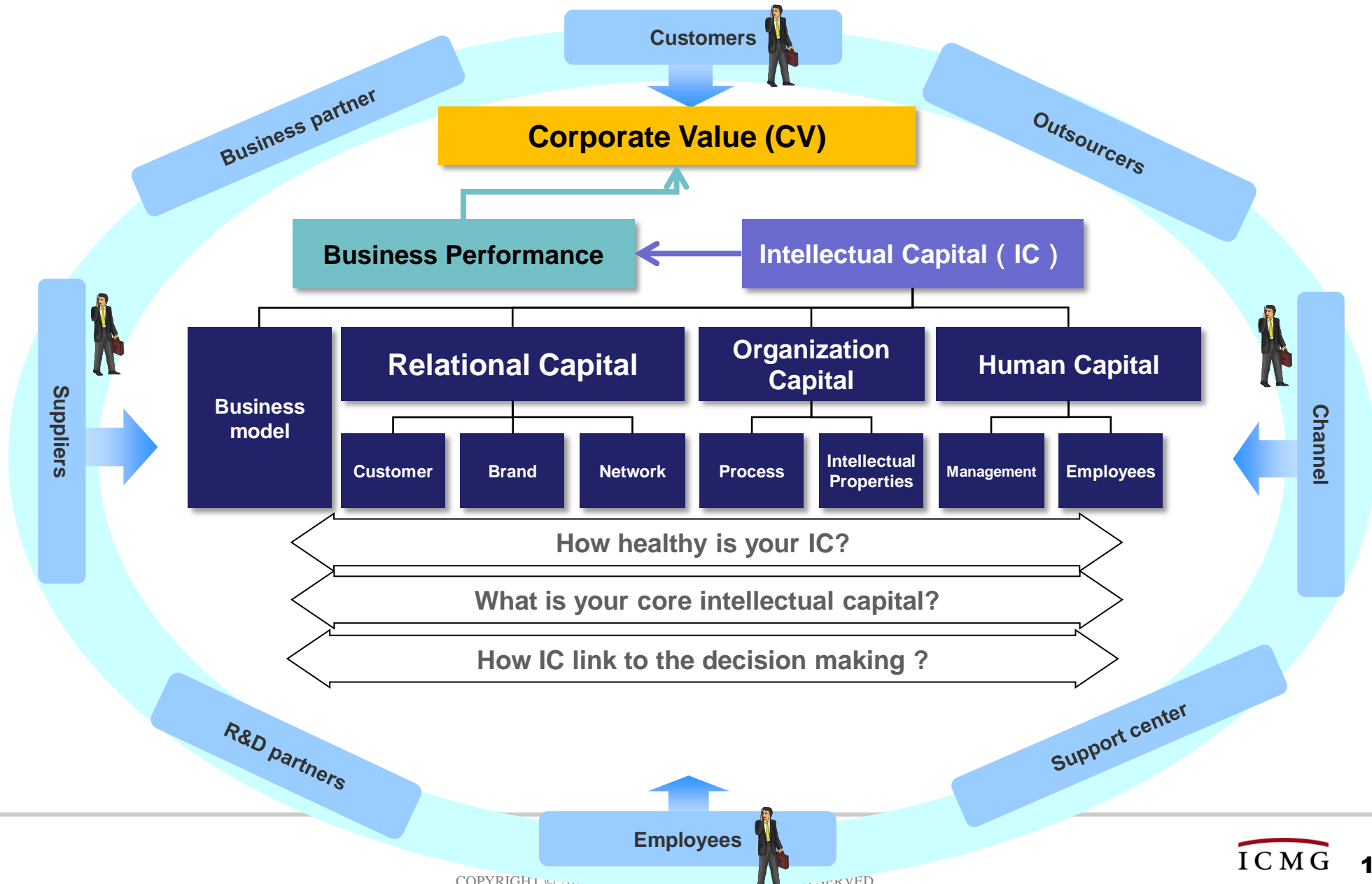
- The sustainable growth of a company can be achieved by four-phase intellectual capital management (ICM).







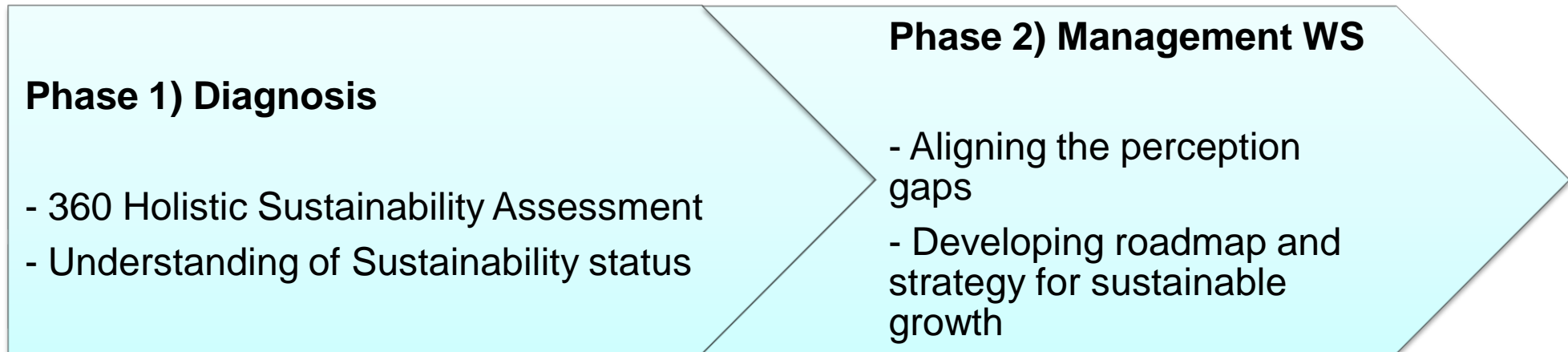
# 360 degree holistic diagnosis



## 2 phases of *IC Rating Sustainability Building Approach*

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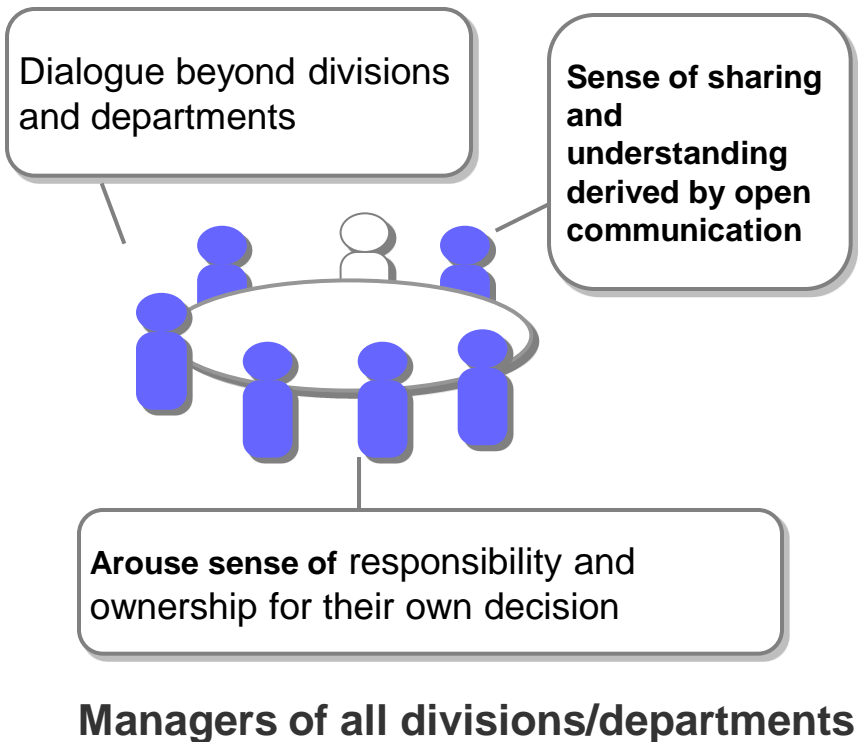
- *IC Rating Sustainability Building Approach* will bring:
  - Diagnosis of your company's current Sustainability status through 360 degree holistic survey
  - Essential Opportunities for your company to come up with long term Sustainability Building Roadmap and Strategies



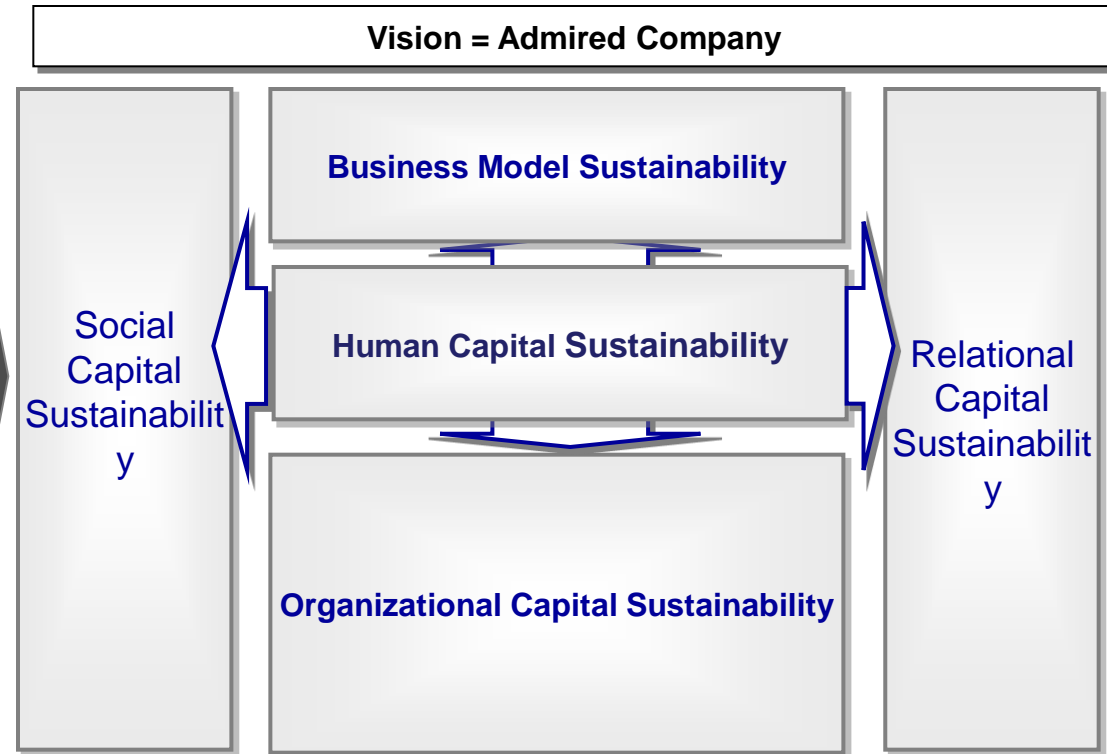
# Formulation of Roadmap and Strategy

- Based on the assessment result, managers of all division/departments will...
  - Share the perception
  - Align perception gaps
  - Develop strategy and action plans for sustainability building

## Workshop Style and expected outcome



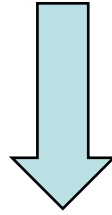
## Discussion Framework



# What is Sustainability Building?

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- Being excellent **Socially** & **Environmentally** while ensuring **Business Model Vitality** in a long run while short-mid term (annual) profitability is ensured.
- The whole corporate performance is effectively & consistently integrated to maximize Social & Environmental excellence and Business Model Vitality in a long run
- Dignified Value and Moral is tooted among **people** of a company and among Stakeholders



- When this status becomes real, Sustainability is built.
  - When **Succession Mechanism** is built, Sustainability beyond time is ensured.
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- *IC Rating Sustainability Building Approach* will bring:
    - Diagnosis of a company's current Sustainability status through 360 degree holistic survey
    - Recommendation for a company's Sustainability Building
    - Essential Opportunities for a company to come up with long term Sustainability Building Roadmap and Strategies

# Five Essential Focuses for Sustainability (1)

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## ■ Social Capital

- **The company carries out the business that live together with local society and environment. Also, it fulfills the social and environmental responsibilities and minimizes the negative impacts.**

(vs. business operation brings negative impact to local society and environment, and it does not fulfill its responsibility for the consequences brought)

## ■ Business Model

- **The company has a business model in which business is continuously expanded and strengthened, and the re-investment cycle is in place**

(vs. A business model which maximizes short-term profits while long term profitability is neglected. Or a business model with limited duration which does not seek for continuous expansion & strengthening without carrying out significant re-investment)

## ■ Human Capital

- **People to continuously enhance business operation are recruited, educated & retained. And succession of such people's performance is ensured.**

(vs. People are seen as workforce / labor cost rather than corporate's own assets, not recruited, strengthened and maintained as capital for corporate growth)

## Five Essential Focuses for Sustainability (2)

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### ■ Relational Capital

– **The company has policy and activities which aim to develop longer term, co-existing and constructive relationship with stakeholders that brings mutual strengthening.**

- **Customer Base**
- **Brand Reputation**
- **Networks (Suppliers, Channels and other partners)**

(vs. Relationship with stakeholders are built based on a short term interests. Intension and activities to continuously build effective and constructive relationship with stakeholders are not in place)

### ■ Organizational Capital

– **The organization has its foundation for long-term function both in soft side and hard side. It is able to maintain business despite changes of business environment or regeneration of its own human resources.**

(vs. Thoughts and initiatives to make the organization function in a long run is weak. Preparedness to respond to changes of business environment or regeneration of its own human resources and to ensure continuity of business operations is not satisfactorily built)

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# **3. Introduction of ICMG**

**(Intellectual Capital Management Group)**

ICMG Co., Ltd.





# ICMG Co., LTd.

**ICMG Co., Ltd. ( Changed from Actcell Co., Ltd in Oct. 2011 )**

**Major business : Management consulting and M&A advisory based on Intellectual Capital management methodology**

- Analysis and evaluation of growth potential of a company, which is IC ( IC Rating® )
  - Acquired IC Sweden in 2010 and got licensees network of ICR
- Enhancing management consulting capabilities by recruiting talented consultants from big consultancies
- Not purchasing short-term profit, but focusing on sustainable growth with practical support

**Foundation: Apr 2000 (as Actcell Corporation, changed name in Oct 2011)**

**Employees : 40**

**Capital: 308M JPY =3.9 M USD**

**CEO and founder: Hitoshi Funahashi**

After leading HR-focused business services for Human Resource Management Department and New Business Development at Recruit Co., Ltd, he founded Actcell (now ICMG) in 2000. He is an Active thought leader and hands-on practice leader in intellectual capital management concept for corporate transformation.

**Board Member: Fumihiro Ohba**

At the Japan branch of McKinsey & Company, Mr. Ohba was in charge of planning and implementing growth strategies, company reform projects, and new business planning for clients in many industries, including electronics, telecommunications, and health care. In 2005, he joined Actcell (now ICMG). Mr. Ohba has played a leadership role in providing leading Japanese companies with consulting services, including developing growth strategies, company reform projects, business development initiatives, and corporate revitalization schemes. He specializes in intellectual capital strategy design combining internal resource analysis and business analysis.

**Board Member: Akihiro Azuma**

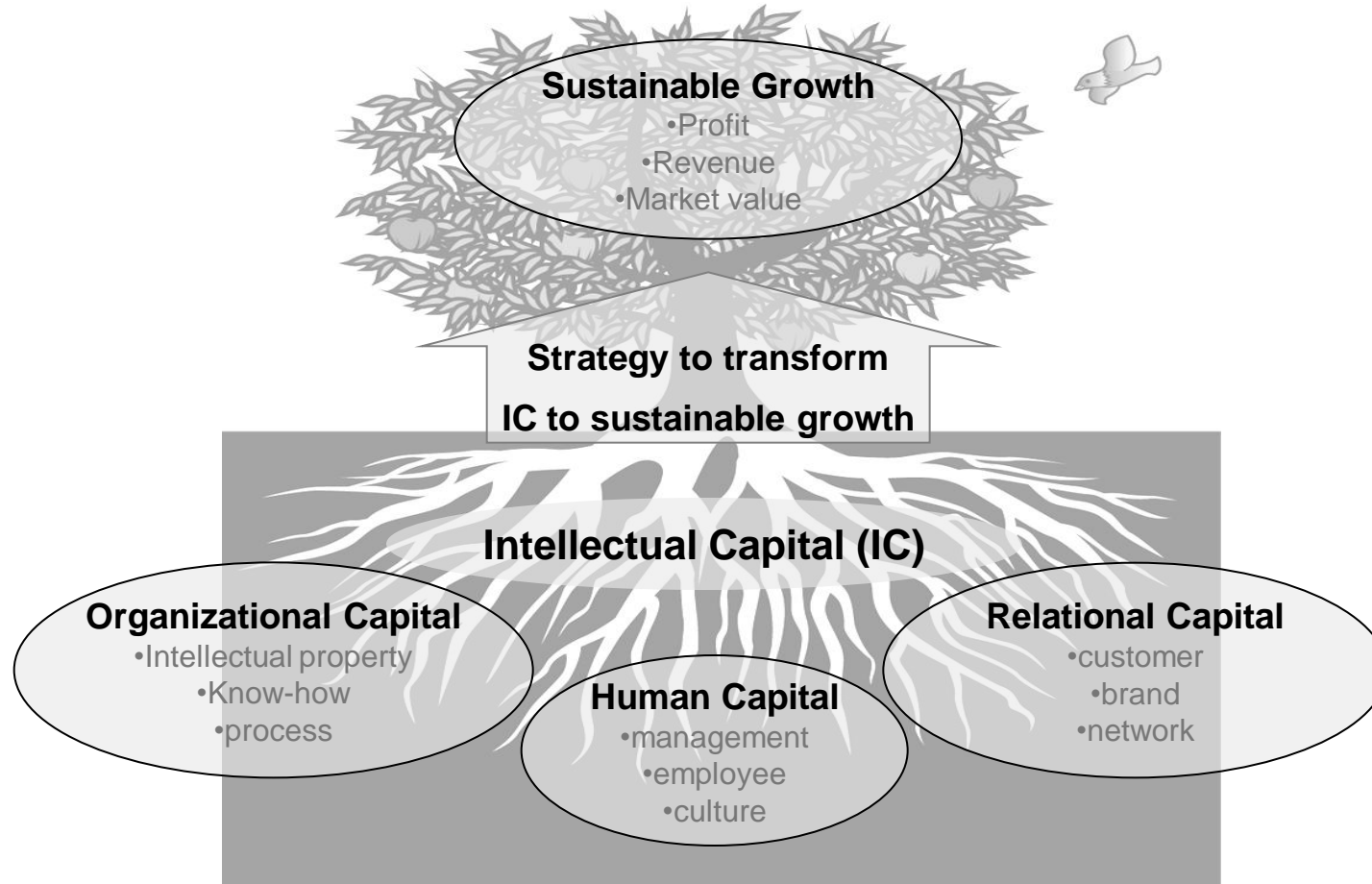
Mr. Azuma was engaged in developing management and financial strategies for clients at Recruit Corporation and then tasked with M&A and private equity investment at Nikko Antfactory (now Ant Capital Partners). Before he joined ICMG in 2011, he was managing director of Nikko Antfactory K.K. as well as the President of Ant Corporate Advisory Inc. (now ACA Inc.). He is in charge of the financial advisory field.

**Outside Board Member: Kazuhiko Takechi**

Director, Group Management Planning Office, Strategy Planning Division, Hitachi, Ltd

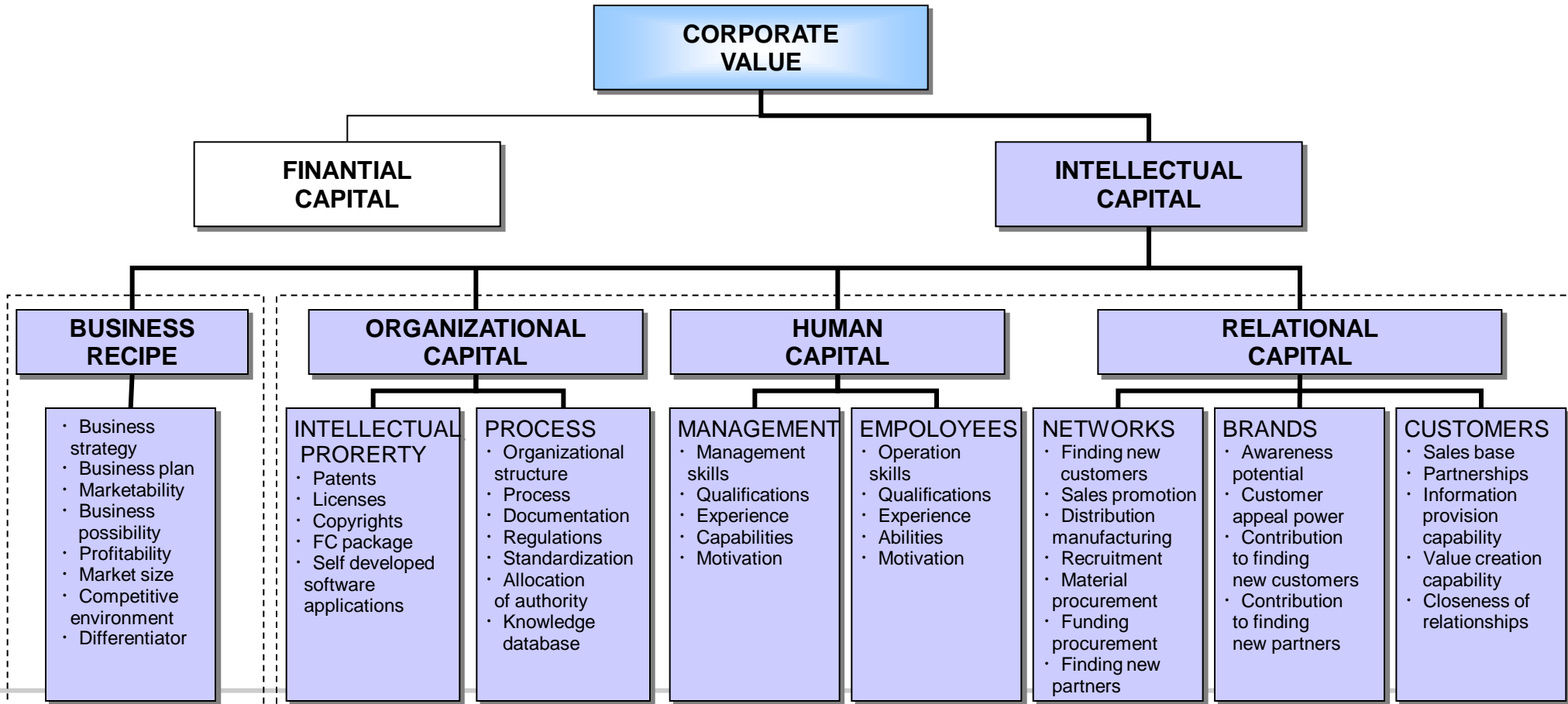
# What is Intellectual Capital Management

- Intellectual Capital Management is a management approach for attaining sustainable growth for a company by identifying, nurturing, and enhancing its intellectual capital: the intangible value hidden at the root of a company.
- It makes full use of an individual company's specific strength: its intellectual capital. This is the same kind of activity as keeping the roots of a fruit tree in good condition to make sustainable fruit harvests possible.



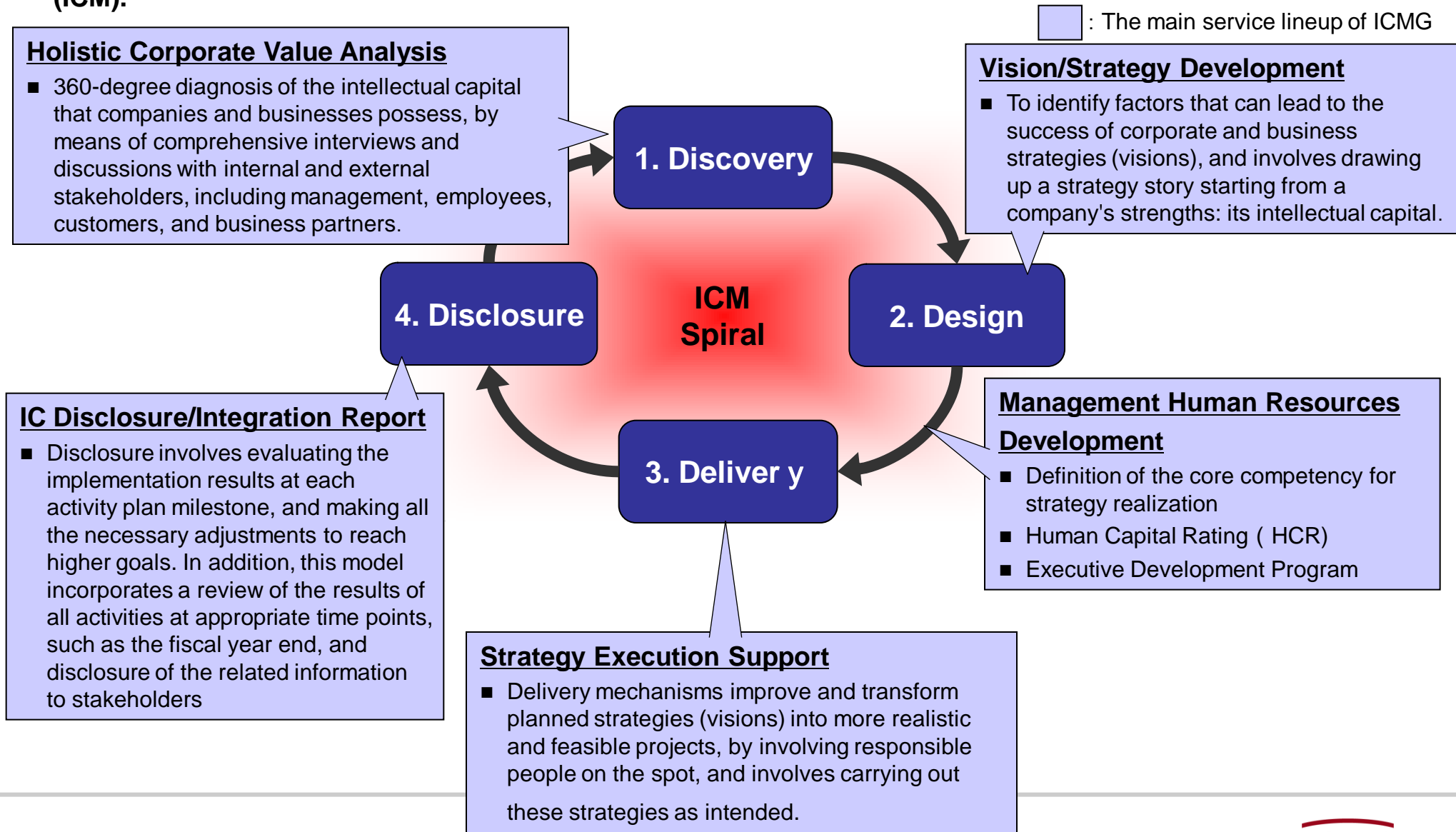
# Composition of Intellectual Capital

- Corporate value consists of financial capital and intellectual capital.
  - Financial capital is a tangible corporate value that can be listed on financial statements.
  - Intellectual capital consists of intangible organizational value, including organizational capital such as patents and IT systems, human capital such as motivated people, know-how, and ideas, and relational capital such as brands, networks, and customer relations.
- This framework comprehensively represents the intrinsic value of a company. It has been accepted by the OECD (Organization for Economic Cooperation and Development) and is now a global standard.



# Our Support Steps

- The sustainable growth of a company can be achieved by four-phase intellectual capital management (ICM).

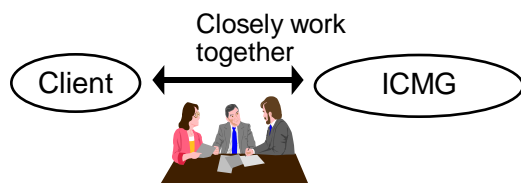


# Difference in Consulting Style

## Approach

### ICMG Model

- Working together based on IC, which is real strength and weakness
- Long-term support



## Strategy

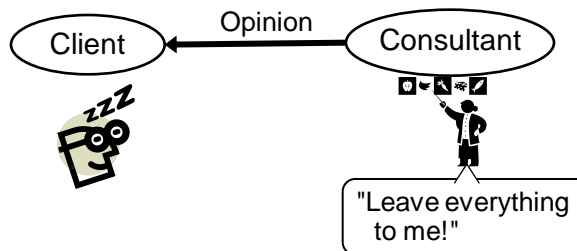
- Employees are involved and encouraged
- Combine consultants' knowledge and experience

## HR Development

- Transfer consultants' skills to build more practical strategy

### Expert Model

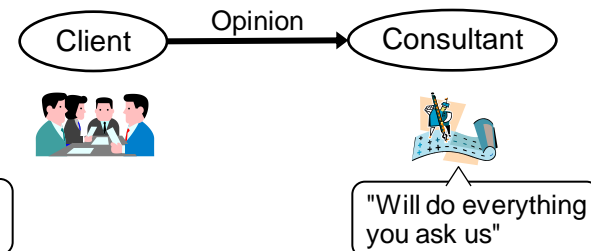
- Consultant leads based on the best practice cases
- Boot camp



- Looks beautiful, but not practical
- Can touch skills of consultants, however can not acquire them

### Vendor Model

- Facilitating discussion and just writing it down
- Temporary staffing



- Extension of the current strategy (almost same as the short-term plan)
- "Teaching to consultants", which means that knowledge can be organized, however there are few findings

# Global Network

- ICM Licensing network consists of 23 Partners in 20 Countries



Company	
IWNC ( Japan· China ) <a href="http://www.iwnc.com/">http://www.iwnc.com/</a>	
The Hong Kong Polytechnic University (Hong-Kong) <a href="http://www.polyu.edu.hk/">http://www.polyu.edu.hk/</a>	
China Productivity Center (Tiwan) <a href="http://cpc.tw/">http://cpc.tw/</a>	
Censere (Singapore) <a href="http://www.censere.com/">http://www.censere.com/</a>	
ICMG Consulting India (India) <a href="http://www.bizworth.net/index.html">http://www.bizworth.net/index.html</a>	
Campus (Italy) <a href="http://www.campusconsulting.it/eng/home_soc.htm">http://www.campusconsulting.it/eng/home_soc.htm</a>	
Kerma Partners/Edge (Germany) <a href="http://www.KermaPartners.com">http://www.KermaPartners.com</a>	
i-2-c (Holland) <a href="http://www.i-2-c.nl/">http://www.i-2-c.nl/</a> <a href="http://nl.linkedin.com/in/hogland">http://nl.linkedin.com/in/hogland</a>	
I-Capital Advisors (US) <a href="http://www.i-capitaladvisors.com/">http://www.i-capitaladvisors.com/</a>	

• • • Other 14 companies

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# Thank you for listening!

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# Intellectual Capital Management for Sustainable Growth

