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## **IC Entrepreneurship for knowledge capital as the new source of Wealth of Nations**

### **Abstract**

*Knowledge has become the key source of wealth not only at an organisational but also a national level. And enterprises, particularly those in the public sector, are in danger of undermining their future success by focusing exclusively on financial assets in their accounting procedures. Where is value being created in your country, region or city? ? Is there another value logistics emerging, calling for another knowledge and IC entrepreneurship? Can the corporate longitude perspective be another view to shape the value platforms for the new Wealth of Nations and turning the Future into an Asset? What is the pattern of knowledge creating of your nation for turning the Future into an Asset? How does the map of the nation knowledge and intellectual capital look like? Which major social innovations can be seen during the last five years. Will there be a growing call for a New Deal for Wealth of Nations based on society entrepreneurship and social innovations?*

### **The Knowledge Capital Economy**

In the knowledge economy, the value of corporations, organisations and individuals is directly related to their knowledge and intellectual capital. But broaden the perspective a little wider and you begin to understand the real possibilities. Think of entire nations, in addition to the public sector, not just traditional enterprises in the business sector. If intangibles and intellectual capital are important to private enterprise organisations, they are also important to the productivity and competitiveness of the public sector, and so to nation as a whole. So how can we seek to understand the dynamics of the intangibles at work on a national scale? Can the new corporate longitude be translated into a new perspective on national performance?

- What is the knowledge capital of your nation?
- What is the GDP per capita of your nation?
- What is the potential GDP per capita of your nation?
- What is the gap as a percentage?
- Which knowledge leader is in charge of bridging this gap of potential future wealth?

Only knowledge will give us the opportunity to improve the wealth of nations. As such, we need to develop a new map of knowledge assets and intellectual capital (IC); a map of regional IC, instead of the old agricultural and industrial plans so often found in regional planning offices. The key mapping dimension should stem from the need to locate where wealth is created in a given region/country. Could this process perhaps reveal a huge knowledge repository in the public sector, with a significant – but idle – potential for collective wealth creation? In other words Wealth of Nations in waiting, as a kind of public service poverty trap.

A new *political leadership* agenda is evolving around the IC and KM of nations, with the focus on:

- How to visualise the knowledge capital of nations;
- How to cultivate efficiency and renewal of the knowledge capital of nations;
- How to capitalise on knowledge capital in terms of the collective wealth of nations.

According to the OECD report, *Scoreboard 2001 – Towards a Knowledge-Based Economy*, the countries with knowledge intensive activities will be the winners in terms of future wealth creation. In this report, 30 member countries are scored according to IC investments such as R&D, education, patents, ICT etc. The top-ten list of countries according to their potential future wealth looks like this:

1. Switzerland;
2. Sweden;
3. USA;
4. Ireland;
5. The Netherlands.
6. Hungary
7. Canada
8. Belgium
9. UK
10. South Korea

## The Future as an Asset

The current market and economics development is at an inflexion point on its life cycle curve. As stated long ago by Jay Forrester (1), at MIT, most industries, as well as nations are going through a life cycle curve. On this curves there are turning points called inflexions points. Dr. Debra Amidon (2) is stating a number of phases in the process of knowledge innovation as well. The figure below shows a kind of gradual evolution from tangibles to intangibles.:

- the product as an asset, the project as an asset, the company as an asset, the client as an asset, the knowledge as an asset

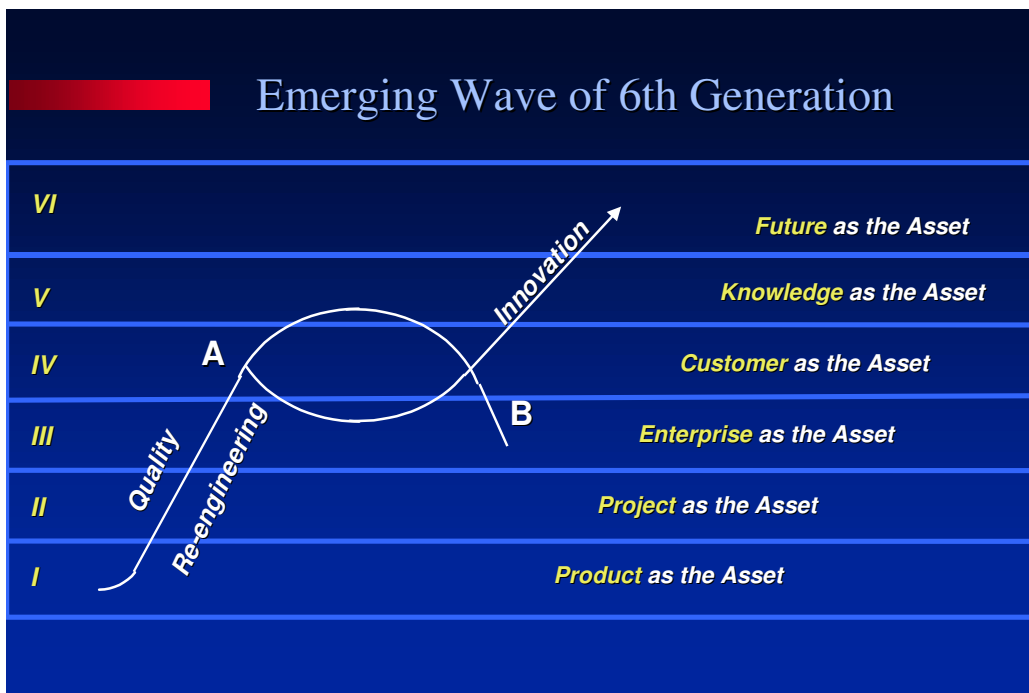


Figure 1 – Life cycle curve of assets - Source: Dr. Debra Amidon/Leif Edvinsson

In this life cycle perspective I added in collaboration with her on top of the curve, *the Future as an Asset*, i.e. the potential value of innovation investment. Where you are today, i.e. your present position, can be assessed, appreciated but not changed. It is in other words a given asset, shaped by historical activities. The value creation is in the perspective ahead, i.e. the time line and your management of the space from the next few seconds to the eternity. However in most economical dimensions the Future is accounted for, in most balance sheets and profit&loss statements, as an expense and then turning up as a liability, not as an asset. Hence investing in the future as intangibles is eroding the equity. A paradox is emerging then; the more spent on the future , as all futurizing is starting with intangible investment, the more poor or less equity in the balance sheet. Consequently we need a better entrepreneurial approach and measurement approach for these new value spaces.

Adding value in the knowledge economy is inextricably linked to radical change in both societal assumptions and business models. Capitalism may not, in the end, create value if it is obsessed with competition to the detriment of collaboration. Social values must be re-considered in the light of their value generation potential. Allocating resources to education, health and social services, and our community infrastructure should not be based on cost but on the potential for value creation through knowledge. If employment in private industry represents only 25 per cent of the total potential 'brain value' of society, leveraging the rest of it more effectively depends on IC and society entrepreneurship. Research suggests that educational systems have a high degree of influence in determining national wealth rankings as well as R&D. Efficient resource allocation would mean they should receive proportionately larger elements of funding than is currently the case.

Strong infrastructure is essential too. Consider which cities and countries are truly poised for value creation. It won't be those that isolate themselves, or those with a poor communication infrastructure. Primarily they will be the ones that are well connected, with an attractive infrastructure designed to encourage access to the knowledge and human resources that create value. In countries that have traditionally relied on oil as their source of wealth, the intellectual capital has to an extent been neglected. If they don't start navigating for the future in terms of renewal through education, making relationships with other countries and infrastructure for networking, their wealth is set to decline. Social innovations and society entrepreneurship is needed for those to turn the future into an asset.

### **The new corporate longitude**

The logic behind the idea of corporate longitude is based on a story from the 18<sup>th</sup> century[3]. At that time, the British Navy could not navigate with any precision from east to west. Consequently, many 18th century ships lost their bearings, in the same way that today's analysts who only concentrate on financial capital do. The case of Enron illustrates a recent example of a similar problem in the world of accounting. In the public sector it might be even worse, as the focus today is strongly on balancing the budget of financial capital. The result is that public sector organisations are being starved of the assets that will safeguard their future, with cutbacks robbing them of the crucial nourishment offered by intangibles such as experts, knowledge recipes, R&D, learning as well as alliances and networks.

The solution to the longitude problem was discovered not by Navy professionals or by leading university academics, but instead by a knowledge outsider: a watchmaker by the name of

John Harrison, who discovered an innovative answer to the problem. In order to get a deeper understanding about the principles of wealth creation, it is essential to develop a similar lateral perspective. An approach whereby assets are simply recorded on a balance sheet is far too narrow. A lateral approach to accounting is necessary to include the intangibles and non-financial assets of knowledge creation, networks and relationships. The wealth of organisations, as well as the wealth of nations, lies in the space in which human capital and structural capital interact.

Currently, organisations, as well as societies as a whole, are like 18th century ships, charting their positions with only north/south navigational tools. Plotting a course solely based on traditional financial reference points leaves them blind to the opportunities on the lateral horizon. Lost on a turbulent sea of change and without a lateral navigational tool to guide them, they cannot navigate the uncharted challenges the management of intangibles is presenting, in particular to the public sector.

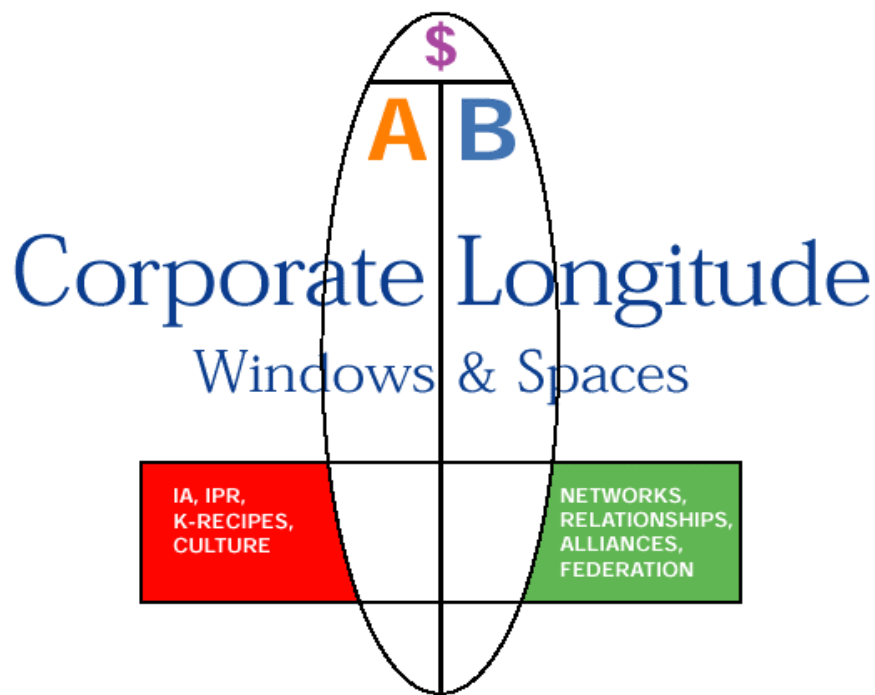
Most attention is still devoted to the financial map, in a world of corporations where the tangible assets account for often from 0.1 % to 25% of a company's stock market value. For these assets the organization has CFO and controllers, software systems called ERP and the whole profession of auditors. But what do we have for the intangibles and intellectual capital? So far it is mainly CRM-customer relationship management systems. In 1991 Skandia appointed me as the world's first director of IC to develop another logic for the renewal of Skandia. This work resulted in among others a refined taxonomy, measurement and accounting systems for IC as well as innovations systems for IC, such as Skandia Future Center. See also [www.skandiafuturecenter.com](http://www.skandiafuturecenter.com). It is however still too rare as a function, for organizational value creation.

The financial reporting and its position on the global news agenda have become an obsession, which furthermore is becoming more and more illogical. What we now need is much more intelligence about the intangibles and where value is created. For example if you are investing in your competence upgrading is that a loss or something of value? In the old accounting practice it is regarded as a loss. It is the same way with research and development. Is that a loss or a potential future? This is resulting in anorectic leadership behaviour, trying to starve the organisations into the future, especially by savings on the important nourishment of intangibles such as knowledge, R&D and learning.

Until sailors could measure longitude, they were frequently lost at sea. The same is the case for our value generating leadership of today. The difference between knowledge economics and tangible product based economics demands a similar shift in the way we view the Corporation and track its value creating progress. We have to take a lateral perspective regarding alliances, networks, cultural context, knowledge recipes and other intangibles, usually outside the balance

sheet perspective. We also have to shift to other indicators such as those about time, rythm and innovation.

Below is an illustration of Corporate Longitude as a lateral dimension of intangibles inside and outside the firm´s vertical balance sheet. What is needed is an intelligence window for those new value-creating spaces.



**Figure 2 – The corporate longitude**

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The value is created in the interaction between people as human capital and the organizational structural capital such as R&D processes. The 500-year-old accounting system is focused on historical costs and transactions reporting. This backward looking metrics approach leads to growing inaccuracies in the value-creating map of today. Furthermore it results in misallocation of resources by investment institutions. It is like asking what is the cost of good or bad weather, instead of asking for the weather forecast. What is needed is a longitudinal system to visualize, cultivate and capitalize on these value creation interactions. We have to go from cash measurement by cash registers, to a time based measurement by chronometers of innovation and networking speed.

## IC reporting of Nations

The IC evolution has already begun. IC reporting of nations, regions and, indeed, the public sector, is also already happening.

In 1991, Skandia appointed me as the world's first director of IC to develop a new paradigm for the renewal of the organisation. This work resulted in, among other things, a refined taxonomy, and new measurement and accounting systems for IC, as well as innovation systems, such as Skandia Future Center, linked to intellectual capital for IC entrepreneurship.

In 1996, the Skandia Future Centre was established under my leadership. I then invited Caroline . Stenfelt and some student colleagues from the University of Stockholm. The task was to prototype how our work at Skandia on IC could be transferred to a national level. Her pioneering work.[4] led to the formation of the first IC of nations.[5]. Later she and I organised the Vaxholm Summit, the first international meeting focused on visualising and measuring the IC of nations, which took place in August 1998. As a result, the Swedish government adapted Skandia's Navigator to visualise its national intellectual capital. Later, countries including Israel, Holland and Denmark began working towards visualising their intellectual capital.

The Invest in Sweden Agency (ISA) was the first national investment organisation to apply the latest understanding of intellectual capital to assess and compare national competitiveness and performance. "Intellectual capital forms the root of a corporation – and of a nation – that supplies the nourishment for future strength and growth". A new analytical method enables these previously invisible resources to be assessed and compared. This can be an important tool for selecting an international location for knowledge-based companies. Sweden offers highly attractive and competitive intellectual capital assets – assets of superior value for leading edge companies, said the ISA's 1999 annual report.

In fact, the Skandia IC-Navigator was easily translated from the corporate to both the public and national environment. Its main points of focus remained intact, but covered a range of different issues:

- *Financial Focus*, including per capita GDP, national debt, etc;
- *Market Focus*, including tourism statistics, standards of honesty, balance of services, balance of trade, balance of trade in intellectual property;
- *Human Focus*, including quality of life, average age expectancy, infant survival rate, health levels, education, level of education for immigrants, crime rate, age statistics;

- *Process Focus*, including service-producing organisations, public consumption as a percentage of GDP, business leadership, information technology (using such measures as the number of personal computers connected by LANs), employment, etc;
- *Renewal and Development Focus*, including R&D expenses as a percentage of GDP, number of genuine business start-ups, trademarks, factors important to higher school students, and so on.

According to the above-mentioned OECD report, Sweden sits among the leading nations in the knowledge-based economy. Sweden also has among the highest R&D per capita investments in the world. Investments in total intangibles constitute around 20 per cent of GDP. As all the statistics on the country's capital show, Sweden has embraced technology with enthusiasm.

Sweden is also among world's leaders in terms of IT. This position has not been achieved overnight, however. There has been long-term public and governmental support for technology: tax-breaks for employees buying a computer, programmes designed to provide free internet access for students and efforts to provide all children with access to PCs. These initiatives have helped shape an infrastructure and structural capital to more easily achieve future wealth. This serves as one illustration of how governance of the public sector in a knowledge society may focus on the interaction between the structural capital of society and human capital, in order to reach a higher collective yield of prosperity – a kind of social innovation.

In year 2001-2002, Dr Nick Bontis conducted some outstanding research relating to this area. Based on the above-mentioned model, Bontis and his colleagues, sponsored by the United Nations Development Programme, conducted a study of ten Arab states. In the study, Bontis quantifies the state of IC for each nation and outlines an IC index, which can be used by each nation to rank themselves against their peers, and indeed to learn from the experiences of other countries [6].

By looking at the IC wealth of nations rather than standard measures of national competitiveness, we gain new insights into where a country's strengths and weaknesses might lie. We can then more effectively nourish social innovation [7] and society entrepreneurship.

Bontis's research suggests that the following represent the key areas for the political agenda to address:

- National agenda for renewal, research and development, ie, *innovation capital*;
- National agenda for education, ie, *human capital*;
- National agenda for foreign trade, ie, *relationship capital*;
- National agenda for industrial productivity, ie, *process capital*.

## **IC activities on national level**

Sweden is not alone. At an international level, there is a great deal of activity focused on coming to terms with the power of intangible assets and the rise of intellectual capital. The Dutch Central Planning Office now has a Knowledge Economy Unit. Dutch initiatives include long-term analysis of the role of knowledge in the Dutch economy, as well as other work on knowledge creation in networks and the availability of human capital.[8] The pan-European body, Eurostat, is taking the lead in developing statistical tools and techniques, which will enable a more comprehensive understanding of the knowledge economy.[9] “The transition from the industrial to the information society is characterised by the rapid growth of intangible assets, whereas economic and social activity still relies substantially on physical, tangible goods. The relation between the two has to be defined and measured”, says Eurostat.[10] In Israel, Dr Edna Pasher has worked in close collaboration with Stenfelt to develop a variety of alternative measures in addition to those used in Sweden.[11]

In Denmark progress is also rapidly being made, and the country has long been at the forefront of examining the role of intangibles. Jan Mouritsen, a professor at the Copenhagen Business School, has been working in the area for a number of years and has carried out several surveys and literature studies, a most recent of which was published in 2001[12]. At the beginning of 1998, Denmark launched a project looking at intellectual accounting that aimed to help transform Denmark from an industry to a knowledge-based economy. Special Competence Council was organised, with Lars Kolind as chairman. This has produced a great deal of interesting work relating to Denmark’s position in the new global knowledge competition, with the most recent report from October 2002. In 2000, the Danish government also published guidelines for intellectual capital statements, similar to those produced by Skandia.[13] A law is also being drafted to support these initiatives, while in February of year 2002 the Ministry of Economics launched Mind Lab, very much similar to the ideas prototyped at Skandia Future Center. Mind Lab is a centre whose purpose is to nourish knowledge management in the public sector.

As mentioned previously, intellectual capital is also making an impact in the Netherlands. The country’s minister of economic affairs recently observed: “The Netherlands is rapidly developing into a knowledge-intensive economy. It is therefore strange that financial accounts are dominated by information on buildings and machinery; in other words the ‘classical’ or physical production factors. The value of knowledge – R&D work, training, intellectual property, etc – is not easy to identify in accounts. And that is in fact the reason why young knowledge-intensive businesses in particular have very great difficulty in finding external financiers.” The Dutch government has

shifted from emphasising the role of technology to emphasising the importance of innovation. In 1998 it published a report, *The Immeasurable Wealth of Knowledge*, which found that in excess of 35 per cent of Dutch national investments were of an intangible nature.

Another nation strongly transforming itself into the knowledge economy is Singapore. It has renamed its Ministry of Labour the Ministry of Manpower, and has spent decades building an impressive system of structural capital, especially for IT and telecommunications sectors. The effect on wealth is highly visible. A special Civil Service College has been established for upgrading the effectiveness of the public service sector.

In Norway several initiatives are in progress. The local municipality of Larvik has been prototyping both annual reports as well as now IC-rating for its activities. A cabinet initiative is working on the IC aspects of the public sector. The Norwegian Association of Financial Analysts is to launch guidelines for reporting on knowledge capital. The Nordic Industrial Fund, based in Oslo, is working with several initiatives, among others two major reports: Nordeka and Frame

In the USA the Securities and Exchange Commission has appointed a task force to deal with the need for improved reporting. This work is also accompanied by the work of FASB-Federation of Accounting Standard Board to develop a white book on the subject, together with among others professor Baruch Lev. However, on the European scene the IAS rules are requesting all companies to have some kind of intangible reporting by 2005.

Other countries with strong initiatives around IC measuring are Australia, Canada, Finland, and Iceland.

## **IC Mapping and Measurement**

Why is measurement so important? Simply, because lack of communicable information affects both trust as well as the efficient supply and distribution of future resources. What is needed in a growing complexity is a clarifying supportive system to sensitise our minds to perceive the best options, by the new potential interactive combinations, rather than old repetitive best practice approach. Communicating these intangible interactions is crucial to attracting the right resources for wealth creation. In other words measuring to create trustworthiness.

As the new economical value is in the longitude, i.e. lateral dimensions instead of vertical dimensions, we have to develop more lateral, benchmarking, accounting of value creation potential of intangibles. We have to acknowledge such new indicators, get the accountants to audit those, and annual reports to present transparency of such intellectual capital, to be able to navigate these new organizational value creations. IC rating is one such tool, complimentary to the S&P rating of

financial capital. IC rating is about benchmarking the perspectives of efficiency, renewal and risks on IC components, for future earnings potential. See more on [www.intellectualcapital.se](http://www.intellectualcapital.se) It is now used by more than 200 organisations both in Europa and Japan. It seems to be especially interesting for public organizations such as schools and hospitals. This approach is now also being applied for regional rating of IC of cities and regions. The IC-rating gives both a map for benchmark versus best in class, but also a platform for assessing the future earnings capabilities, thereby creating trust for the future.

In terms of measurement, the traditional reporting model mostly represents the tangible goods sector and has begun to encroach on segment 2, based on emerging requirements from among others IAS - International Accounting Standard Board, and its rule IAS 38. However, it is not yet able to represent the full potential of the networked intangible business model of the 21<sup>st</sup> century based on intellectual capital. In large part it is restricted by the concept of ownership and confined to reporting on elements it can identify within a firm's legal boundaries. This is inadequate in the knowledge economy.

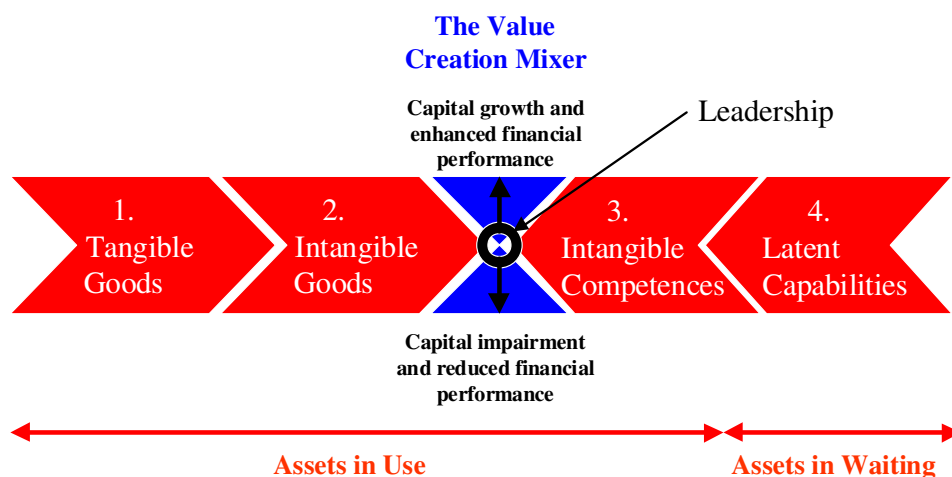
The old model of business must also be challenged. Most of the real value of knowledge falls outside the range of traditional management vision. The theory of the firm needs replacing with the theory of community. Full time traditional employment contracts will be replaced by more part time based alternatives, such as now elaborated in Denmark by its employers association. The source of added value for businesses and societies in the knowledge economy comes from enabling opportunity, and building flexibility and innovative responses to a fluctuating market space. If harnessing potential and 'mutating towards the future' are the driving winds powering that journey, we need mechanisms beyond monetary reporting to keep track of speed and direction. What measurement systems can support this sea change in orientation? Certainly the contribution from the essential associated intangibles such as trust and collaboration are well beyond the scope of conventional accounting systems. The value of relationships needs to be measured, as does the contribution from knowledge recipes.

### **Longitudinal Leadership in the Knowledge Economy**

The new corporate longitude is focusing on the lateral dimensions, as well as time to the future.

This calls for another type of leadership role than traditional management. On the basis of an ongoing research project with the EU called PRISM, in which I participate, some modelling is emerging about the value chain of the new theory of the firm. This modelling is highlighting the

value creating areas of the enterprising as well as the key focus area for leadership. It is a starting point for further refinement. However the view is very much based on the practice from how to shape new interactive spaces for knowledge creation and knowledge sharing for the mutual benefit of those involved. This is the space where  $1+1=11$  or in other words that the value of knowledge is growing when shared. It is also a space where the traditional firm barriers are opening up for the value of networking and shaping alliances. In the end it is the space for the exponential value creation, as research by professor Paul Romer at Stanford University, California.



**Figure 3- Value areas for IC entrepreneurship** Source: Clark Eustace/Leif Edvinsson

The four red blocks, are based on taxonomy from an earlier EU project lead by Clark Eustace under the name HLEG on IC. [14] They are intended to represent the strategic assets of a firm or a nation. They are laid out horizontally to represent the fact that such assets or capital can be accessed from both within and without the firm’s traditional legal boundaries.

To the left of the “value creation mixer” lie the tangible and intangibles assets over which ownership rights can - more or less - be elaborated. Tangible goods would include physical assets such as land and buildings, and plant, machinery and equipment. Intangible goods would include assets such as software, brands, trademarks, licenses, and rights over scientific discoveries.

To the right of the “value creation mixer” lie the intangible competences and latent idle capabilities or in other words capital in waiting. Intangible competences embrace the organisational capital and the human capital, which is effectively leased for productive use from the individual knowledge workers. Latent capabilities are what investors, in particular venture capitalists, are interested in; their discovery and exploitation is where top leadership truly differentiates itself.

At the centre lies the “value creation mixer” where leadership faces the challenge of leveraging these longitudinal resources and create economic value. This is the space for knowledge entrepreneurship. It might lead to growth of capital on the balance sheet as well as impairment of the balance sheet. In such a situation value destruction will occur. What is the knowledge leadership of today doing to avoid erosion and leverage of the idle intellectual capital in waiting and how do we know from the reporting?

In an emerging prototyping work by Dave Snowden, at IBM Cynefin Center for Organisational Complexity the focus is on the need for another approach than the linear management model. The leadership spaces in this Cynefin model are very much about sense

making. They are based on a biological analogy as well as complexity and chaos research. The leadership is very much about a balance between abstract and concrete communication as well as balance between learning and teaching. Based on those dimensions four different spaces for leadership it are emerging as follows:

- traditional leadership based on linear best practice
- expert leadership based on best reductionistic analysis,
- shadow leadership based on best option prototyping and pattern recognition,
- chaordic leadership based on probing responsiveness in complexity.

This very early longitude thinking might assist us in getting out of the vacuum of lack of leadership in the present fog of economics. It might help us to see the need for much more focus on developing the organisational capital as multiplier for the human capital and its inherent potential for future earnings capabilities.

### **The new deal for the new wealth of nations**

The emphasis being made on examining the intellectual wealth of nations is in itself a major advancement. But progress is also being made on a number of other fronts as the true impact of the knowledge economy is beginning to be understood.

“Today we’re a society awash in networks, yet starved for community,” says Peter Katz, author of *The New Urbanism*. True communities built around knowledge are now emerging. Many of these are web-based, and within them knowledge is free flowing, restlessly criss-crossing the globe all day long. Furthermore, it is these infrastructures that can serve to leverage the human capital of societies, and unless they are rolled out and applied to fields such as healthcare and urban renewal, the importance of human capital is in danger of being eroded. But we also need arenas for the social capital development such as knowledge café’s.

Intellectual capital can also have an impact on society and city planning. Planners must now create the context in which knowledge workers can be at their most productivity. We need knowledge café’s or other attractive and ergonomical arenas for the knowledge sharing dialogues. A kind of

*Intelligence places* with flow of contextual information to be grasped by the entrepreneurs and turn into innovations. Some of them might be virtual but we also need very social settings like the old Wiener Café’s. This may bring about radical changes in the way our urban environments are conceived. Think of a harbour. Traditionally, harbours used to be for the flow of goods. But as

the value of logistics has declined we have to look at the flow of knowledge. We need to create knowledge harbours. After all, closeness to water is important for knowledge workers. It is calming – all Japanese gardens have a water feature for this very reason.

At the same time as on the corporate level, a new theory of the firm is emerging, a theory of the new networked society is emerging. Sometimes this is referred to as the “blown to bits” model or the theory of the “un-firm.” The map of knowledge logistics or flow might give birth to new value-adding clusters of knowledge communities beyond the traditional corporate borders. A “theory of the networked units” is emerging. These units are characterised by high interdependencies with high fluidity of knowledge, instead of traditional trade theory, and are based on chaotic knowledge management approaches, such as the conceptual basis for the establishment of VISA by Dee Hock. The new deal is in the networked constellations, connection, synapses, and contactivity.

Profit measurement and reporting systems emphasise efficiency and cost control, using money as the basis of decision-making. This on-going obsession with planning, budgeting and charting progress against tangible indicators of wealth will ultimately impoverish society and devalue the wealth of nations, because it overlooks the contribution of intangibles. For example, public sector activities are automatically undervalued because there are few ways to measure their contribution in terms of the service they provide. As a consequence we also lose talent from the society system as knowledge able workers search for more rewarding openings elsewhere and the needed innovations for the welfare is not taking place.

A new role of *society entrepreneurship* is needed for clarifying and shaping those organizational bridges and alliances for a greater wealth contribution from the brainpower potential of global citizens. This calls for a lot of entrepreneurial initiatives and prototyping for social innovations.

Society entrepreneurship is an interesting concept that is gaining credence in countries such as England<sup>(15)</sup> and Norway. It describes a role for society renewal that fits in the space between the business community and society; a space for collaborative prototyping based on the structural capital of each partner, but leveraged by individual human capital and innovative talent. Society entrepreneurs are often community entrepreneurs. Their output is social, the core asset might be social capital and the organisations they found are often non-traditional share holding enterprises. The challenge is to speed up the returns we are realising from the existing societal IC, or in other words to increase the existing IC of societies, or in other words increasing the turbo or productivity on existing knowledge investments for the new welfare state. A kind of IC in waiting is there to be tapped by challenging society entrepreneurs.

Whom would you like to nominate as one among the top ten society entrepreneurs of today – for shaping tomorrow?

### **Key message – Longitude Value**

The wave of IC is increasing. It has gathered within universities, accounting standards groups, political and business communities. The message is that we need to surf the wave of knowledge economics or follow the life cycle curve down. It is a leadership liability not to address the potential of IC in waiting. Society entrepreneurship might be the role to nourish for this key message. Where do we find and develop the training camps for this kind of leadership?

In many ways, people are presently effectively “dis-educated” for the future: they are not prepared for the challenges that will arise. Universities need to be re-configured to fit changing times. At the moment, future learning is to a less degree taking place in universities; it is mostly taking place outside in the rapid knowledge application areas. Learning institutions need to be re-innovated and re-energized. Otherwise, there is a tremendous inefficiency and opportunity cost for the knowledge society as well as the knowledge workers.

The opportunity is great. There are a great many people who are lost at sea, lost in the fog of the labour market, the stock market or confused by the political world. We need a deeper understanding of the corporate longitude perspective otherwise we will continue to go around in befuddled circles. Knowledge navigation will continue on the quest for the new wealth of nations, based on increased social innovations and society IC-entrepreneurship.

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*Some links for further reading:*

[www.corporatelongitude.com](http://www.corporatelongitude.com)

[www.isa.se](http://www.isa.se)

[www.oecd.org/publications](http://www.oecd.org/publications)

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[www.ll-a.fr/intangibles/](http://www.ll-a.fr/intangibles/)

[www.cbs.nl](http://www.cbs.nl)

[www.efs.dk/icaccounts](http://www.efs.dk/icaccounts)

[www.monday.dk](http://www.monday.dk)

[www.larvikkommune.no](http://www.larvikkommune.no)

[www.nordicinnovation.net](http://www.nordicinnovation.net)