

INTELLECTUAL CAPITAL- THE NEW COMPETITIVE ADVANTAGE



Competitive advantage. What would your organisation give for it? Long term, sustainable, unbeatable competitive advantage, in today's global market-place. Is it possible? And **intellectual capital.** What is it? Why is it our only hope for real competitive advantage?

E-businesses are growing. Long established, profitable, household names are being eclipsed in terms of shareholder value by organisations which trade on intellectual capital and not just financial capital. Why this apparent madness? The truth is simple-access to a new global market which never sleeps, never closes and is hungry to do business. The entrepreneur's ultimate dream has come of age!

Ask yourself one fundamental question-what does it take to succeed in this new dream world? The answer-**knowledge and the use of it.**

Knowledge, or intellectual capital, is easy to access in well developed, long established markets in which every major player knows where the information is and how to acquire it. But knowledge in a trail-blazing, pioneering and information age market is a different challenge altogether.

So how can you access this vital intellectual capital to ensure that your organisation is a future winner? Here are ten tips:

STAND THE EXPERIENCE MODEL ON ITS HEAD.

Our conventional wisdom tells us that the more long-serving, experienced, and proven people in our organisations provide the wisdom, and in their wisdom is the key to future corporate success. But they may be limited by old paradigms. In today's turbulent world it could be that the younger, open-minded, and cavalier business brains are better equipped for information age companies. These people do not necessarily have conventional skills sets.

In your search for intellectual capital start with those you recruit. What about a new employee proposition which stresses the value you place on intellectual capital?

RE-ASSESS THE INTELLECTUAL CAPITAL YOU HAVE.

Scrap the organisation chart and conventional reporting lines. Find out what people know, how it can impact the business, who else needs to know it, and how the knowledge needs to be captured and transferred.

We do this when collating essential management information. We now need to do it with 'competitive advantage' information.

Here are some clues as to what to capture:

- Changing trends in your market-place
- Your changing customer profiles
- Customers' perceptions of your organisation
- Opportunities for growth
- Use of substitute products
- I.T. and other technology advances
- Best practice competitor initiatives
- Employees' motivation to give of their best

Draw up 'competitive advantage' success criteria and monitor them ruthlessly using the best evaluators you have-your people!

TRANSFER YOUR INTELLECTUAL CAPITAL.

Knowledge, know how, and insights are in abundance in your business. Create an internal market-place in which your people can trade them.

If teams and individuals were engaged in best practice forums and used e-coaching to trade their knowledge, your organisation would begin to resemble the market-place in which it was trying to operate.

To use intellectual capital you have to acquire it, move it, and add to it starting with what you've got! You'll need to re-think people's abilities and conventional roles to do this. You'll need to re-design systems and databases to support them

APPOINT COMPETITOR SCOUTS.

Competitor activity is one of your greatest sources of intellectual capital.

Your new competitors will probably not be the familiar names you have tracked over the years. They may come from a different country, a different market-sector and a different corporate culture.

You will need competitor scouts constantly scanning the horizons of new competitor activity and feeding you intelligence. You will need the means to capture this information and use it.

Review your external focus with a passion.

CREATE A RAPID DEPLOYMENT FORCE.

Changes in your market-place will happen faster than ever before. Defy your conventional wisdom of having no spare resource available.

Have a rapid deployment force continually at the ready, which can respond to a new competitor initiative within days versus weeks or months.

Keep them apart from the mainstream business and unfettered when it comes to corporate politics or organisational constraints. Make them an elite group which people long to join.

MANAGE AND REWARD INNOVATION.

Don't just talk about innovation, practise it.

This means sponsoring it at the highest level. What about a board member who is 'Director of Innovation'?

Taking innovation seriously means resourcing the critical stages of:

- Generating new ideas
- Validating ideas
- Turning ideas into prototypes
- Market testing prototypes
- Launching new products and services.

This does not happen without managing information in your business. Not to manage it is simply to wish it! It simply will not happen.

Reward the whole organisation for it. Create a separate innovation bonus pool and fund it from a percentage of the revenues of new products. Inculcate innovation into everyone's mind-set. Make sure that people know that it's rewarded.

INVEST IN THE LAUNCH OF NEW BUSINESSES.

You will need to continuously work on your existing business to make it more profitable. Your future will depend however on the launch of new businesses.

Launching new businesses and new revenue streams requires a different type of know-how. This is the calculated risk-taking know-how of entrepreneurs.

Your business will not survive unless you are prepared to be radical in launching new businesses. Remember the corporate life cycle on which your core business was originally built. It grew to 'prime' through the stages of:

- Brainchild
- Birth
- Infancy
- Toddler
- Adolescence.

How many new businesses do you have which are currently undertaking this same journey? Are you injecting the necessary intellectual capital into each one of them?

THINK 'GLOCAL'

The market may be global, but you will still need to succeed in it at a local level.

Local cultures and different business environments require local know-how. You may not need a massive local presence but you will need the intellectual capital of people who know local markets. Aim to be both 'click' and 'brick'.

Make sure you build into your business the means to attract high quality individuals from all over the world who could bring both global and local thinking to your business.

If you were a global recruitment agency how would you attract them? Create the necessary employee value proposition to attract your 'global' intellectual capital.

GROW AND DEVELOP YOUR TALENT

In order to succeed, you will need managers who can grow your talent. These will be managers who can:

- Stretch their people
- Recognise and value people's contributions
- Attract the talent they need
- Coach and mentor their people
- Support people's personal growth and development

These are the 'corporate generals' of the new millennium. They will need to be trained and groomed for the role.

FACE THE TRUTH.

Lets face it, your business is your people.

It's your people that have got it to where it is now. It's your people who will keep it there and it's your people who will grow its long term competitive advantage.

Your competitive advantage depends quite simply on your people and their know-how. Your organisation's unique challenge is to create the intellectual capital they must possess to succeed.

Invest in this capital now-you owe it to yourself.