

“Intellectual Capital”

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Intellectual Capital is a term that's been tossed around in business circles for the last couple of years. Here's how I understand the term, which is actually derived from articles from Tom Steward, editor of Fortune magazine.

Simply defined, intellectual capital is the collective knowledge and experience possessed by an organization – or team of organizations - used to create wealth. It's what's distinctive about what you have and what you do with what you've got. It's the value added by stake holders with a wealth of real, hands on, experience.

Every business has an abundance of data from increased skills built over time and based on the substance of its existence. Organizations and businesses that know how to mine and collect all that raw information - and then mold and shape it into useful, intellectual capital – will realize the most benefit.

The new world we work in is the combination of the stuff of both the Old Economy and the New Economy. In the Old Economy, products were the hard items that came off of manufacturing lines. In the New Economy, products are the substance of intellectual capital. Successful companies will take the old – the core business products – and the new – the abundant knowledge and experience – and mold them into a single economic entity.

Your company's intellectual capital should be your most important asset and integral part of your product lines. How you use it and bundle it with all your other “hard” lines is what will differentiate your company from the competition. It will increase your position and perception in the market, and thereby will create wealth for your business.

Consider the cumulative benefit of bringing together a select, experienced team to service client needs. The ability to provide the highest level of service, at the most affordable cost, grows exponentially with the caliber and number of members of the team.

It is this cumulative intellectual capital that provides the greatest argument against privatization.

For further reading on this subject, see:

<http://www.kmnetwork.com/intellectualcapital.htm>