

Apin Talisayon's Weblog

– Knowledge Management provides useful TOOLS but it leaves MANY GAPS –

[F2- Intangibles: More Essential for Value Creation](http://apintalisayon.wordpress.com/2008/10/04/intangible-asset-value-creation/)

(Go to: <http://apintalisayon.wordpress.com/2008/10/04/intangible-asset-value-creation/>)

October 4, 2008

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Let us "connect the dots":

- Starting in the 1980's book values of corporations around the world constitute an increasingly smaller percentage of market values.
- Corporations which excel in managing their intellectual capital (MAKE winners) grow twice faster than Fortune 500 corporations (Teleos).
- The world economy is now creating more wealth from services than from industry or agriculture; global service trade has been growing faster than global commodity trade.
- Human capital of a knowledge worker is what generates his regular income.
- Remittances from overseas workers now constitute more and more of wealth creation in many developing countries.
- Most successful anti-poverty projects are those which leverage on existing intangible assets of communities (Knowledge for Poverty Alleviation model).
- Fukuyama observed a pattern, namely, that high-income economies are often also high-social trust societies.
- Sustainability of CBRM projects hinges on intangible factors: sense of ownership, transparent and accountable managers, cohesiveness of the community, self-confidence and hope.
- High trust (Covey) and low/managed ego (Marcum and Smith) reduce business costs.
- High social capital was found (U.K. Office for National Statistics) to be correlated with better health, improved longevity, better educational achievement, lower rates of child abuse and less corruption in government.

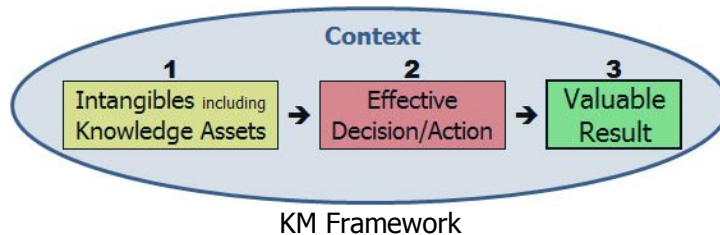
What do we see here?

It seems to be happening across many sectors: intangibles have become more essential in creating value!

Do you agree? Is the inference correct? Or is it correctly worded?

We saw from my previous post ("[KM is Not Enough!](#)") that intangibles largely overlap with knowledge assets. Managing intangibles has become the "the name of the game". In fact, knowledge has become the prime **creator** and **repository** of wealth (see first six bullet points above).

We can now assert that the proper goal of KM should be to create value. The causal model or KM framework is:



From the previous post, we saw that "knowledge" is capacity for effective action, which includes information for effective action. The model defines what is "effective": a decision or action is effective if it produces the result desired or valued by the actor. Knowledge is "what works" for a user.

The next issue is more knotty: what precisely is "creating value"? See you in my next blog post ("[F3- KM is for Value Creation](#)")