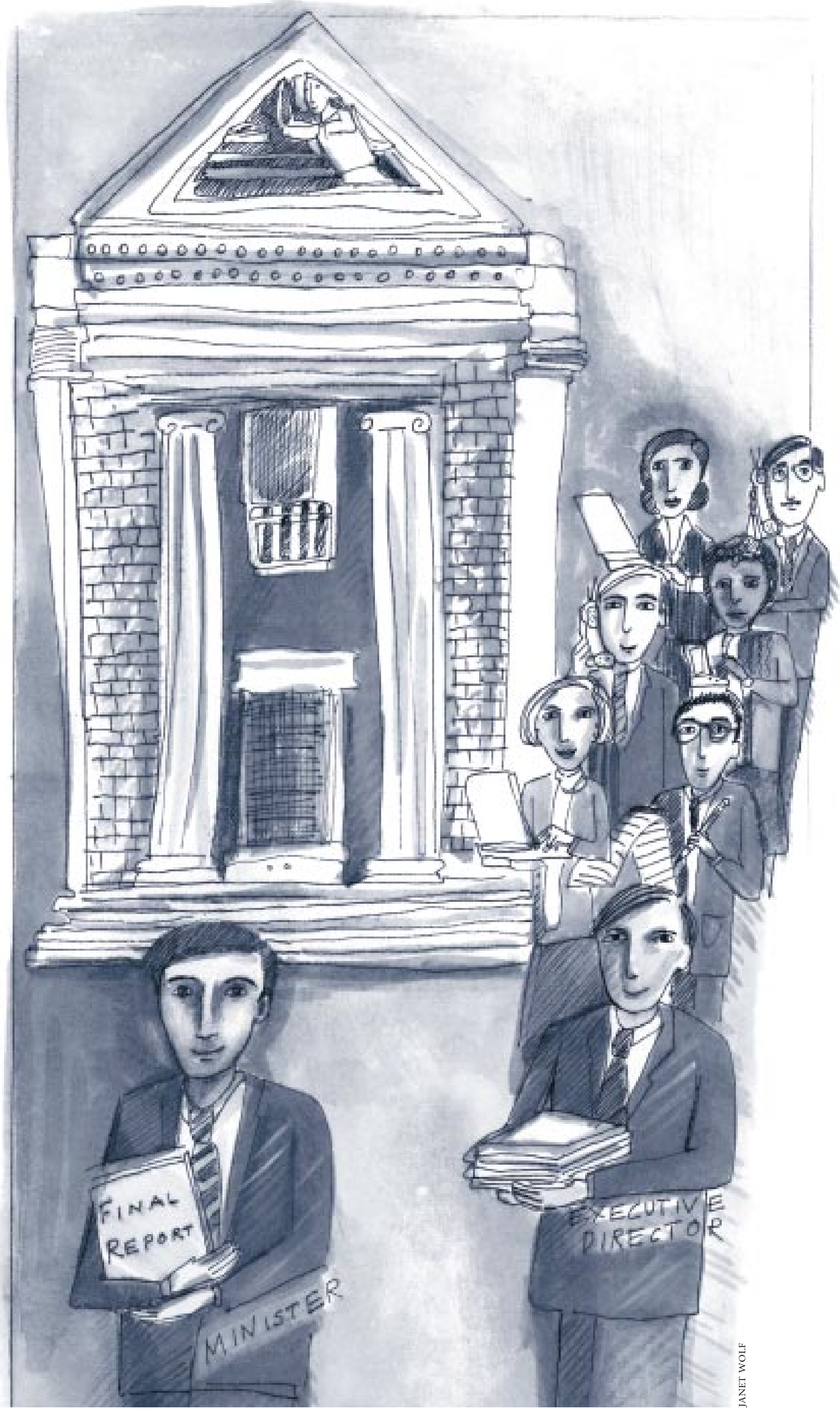


JANET WOLF

A case study of the application of the IC-process to a Branch of the Commonwealth Public Service.

Management in a Complex Stakeholder Organisation

GÖRAN ROOS AND KRISTINE JACOBSEN

This paper presents a case study of the application of an Intellectual Capital (IC) process within a Branch of a Commonwealth Government Department, part of the Australian Public Service. The purpose of the IC-process is to identify, prioritise and better manage the drivers of future value creation. The application of the process involves, among other things, identification of stakeholders and their relative importance, and the articulation of organisational strategic intent.

THE PRIMARY PURPOSE BEHIND applying this framework to the Branch is to use it as a managerial tool to achieve better value creation, visualise the organisation's value creation path and the strategic alignment between performance measures, strategy and value creation. In a complex stakeholder organisation bounded by budget constraints, an inevitable step in this process is the determination of tradeoffs between different stakeholders.

The process generates three deliverables:

1. The relevant key performance indicators anchored in the strategic intent of the organisation's different stakeholders;

2. Visualisation of the tacit value creation path residing in the managers of the organisation; and

3. The IC-index™, providing a tool for predicting changes in the future value creation capabilities of the organisation.

The paper also outlines the theoretical background and foundation of the Intellectual Capital process. It discusses the process used, the experience of the individuals exposed to the process, benefits perceived and implications of the results. Finally, the paper draws some general conclusions for the applicability of the Intellectual Capital perspective to a stakeholder organisation.

BACKGROUND

The subject of this study is a Branch of a major Commonwealth Government Department in Canberra, Australia. The Department is accountable to the Australian Parliament through its relevant minister. The Branch is divided into three main areas of responsibility and is staffed by around 30 officers. It serves the government by providing advice, briefing and support for the activities of the minister, delivering advice and assistance to its stakeholders, and representing its stakeholders to other government departments and agencies.

The manager of the Branch believes that most of the value created by the public service is generated through its people; there is no plant or equipment, and they do not produce tangible products to be sold on a market. The value that the Branch delivers is generated through the interaction of its human and structural capital. While there are well-established mechanisms for measuring the financial management performance of the Branch, there are no processes in place designed to measure the effectiveness of the management of its human capital. In an environment where the largest portion of value is generated through the interaction of human and structural capital, the measurement of financial performance alone would seem a poor management tool.

The current trend toward outsourcing and privatisation of traditional public sector activities has focused the attention of public sector organisations onto performance management. A public sector organisation requires a methodology for the measurement and management of its major value-creating asset–its intellectual capital.

The desired outcome of applying this framework to the Branch, however, was not to develop a rigid measurement system. The objective of this process was to develop a tool for achieving more efficient value creation for all stakeholders and achieve a closer strategic alignment between performance measurement, organisational strategy and value creation.

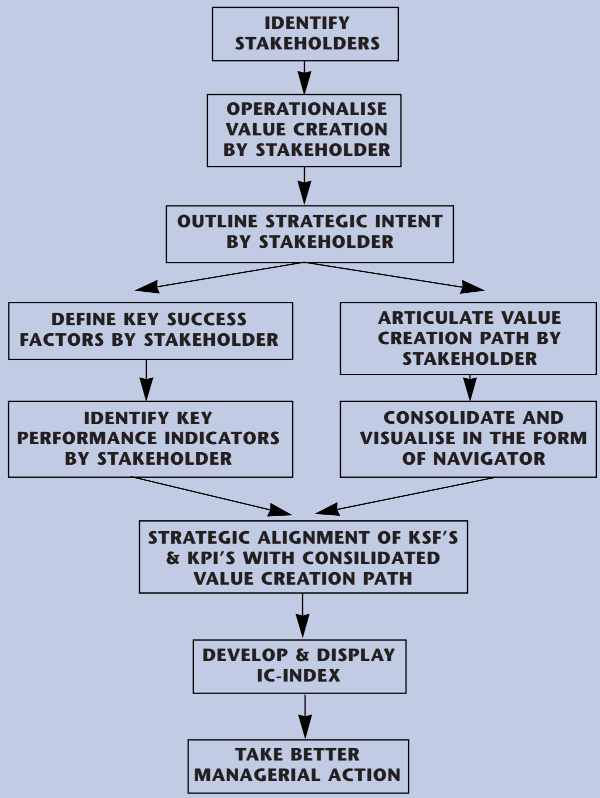
THE PROCESS

The process took place over a period of eight months and consisted of several workshops involving the participation of officers of the Branch and representatives of the key stakeholder groups. The process was carried out using the framework outlined below.

The process of creating an Intellectual Capital measurement system is a bottom-up process from a top management point of view (since it works from strategic unit towards whole firm) and a top-down process within a strategic unit. The impetus for conducting and Intellectual Capital process must come from the senior managers of the strategic unit. Input from senior management level is required to initially identify key stakeholders and to outline the organisation's strategic intent by stakeholder. This input provides the framework for the process (the top part of Figure 1). Senior management, however, can only supply the language and the framework. The 'filling in' of the framework can only be completed by operational staff; those who are 'at the coal face'. Immersion in the day-to-day business operations engenders a familiarity with value creation in the organisation that is essential to the IC-process.

The organisation needs to identify the role it plays—and the values it delivers—in relation to each of its key stakeholders. Once this is identified, it is important to determine the strategic intent for each stakeholder; that is, identify the future role the organisation will play in the creation of value for each stakeholder. This perspective is then used to identify two sets of variables for each stakeholder: one is the set of key success factors and indicators that are appropriate as measures or indicators of performance in the delivery of value to the stakeholder; the other is the 'value creating path', that is the categories, or focus areas, of Intellectual Capital that drive value creation. The outcome of the two separate steps can then be combined, and from this an IC-index can be created (Figure 1).

FIGURE 1

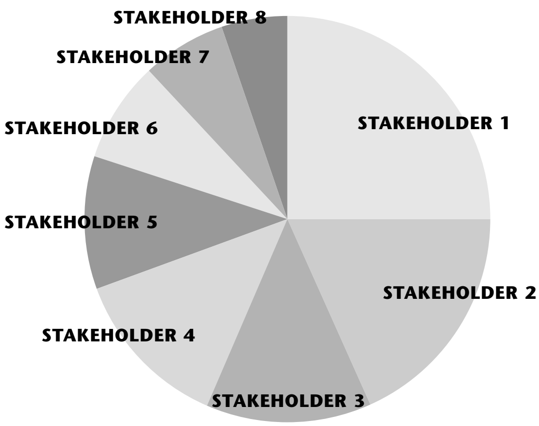


STAKEHOLDERS AND VALUES

The process is somewhat more complex for a stakeholder organisation than for a profit generating organisation. The value a profit driven organisation delivers through maximising shareholder wealth does not translate to a public sector stakeholder organisation. Further, the delivery of valued services to stakeholders under budget and government appropriation constraints, results in the necessity for tradeoffs between the different stakeholders.

The initial component of the IC-process for a public organisation is to identify the organisation's different stakeholders. Based on discussions within the Branch, the main stakeholders were identified. Stakeholder 1. is the minister. Stakeholder 2. is the Departmental Executive. For the purpose of this article the remaining stakeholders are identified as Stakeholder 3-8. The discussions surrounding the identification of the relevant stakeholders and their relative importance ensured that the Branch held a shared view on who benefits from its value creation. While there was initially some disagreement over whether the minister and the Departmental Executive should be considered one stakeholder, the later discussion on the nature of the values delivered highlighted that they are two distinct entities. Figure 2 represents the relative importance of the identified stakeholders.

FIGURE 2



When the key stakeholders and their relative importance are defined, the next step in the process is to identify and define value created by the Branch for each stakeholder. This is important since it is change in delivered value that is the focus of this process. For most companies this value definition is fairly straightforward and usually relates to increase in shareholder wealth. In the case of a stakeholder organisation such as the Branch, value must be articulated for each stakeholder.

Through internal discussions, the Branch identified a set of value dimensions designed to cover its range of activities. This initial list was then discussed in interviews with representatives of the key stakeholder groups. The Branch found that some of the value dimensions expressed by stakeholders were not on the initial list. In particular, the value dimension 'provide a broad perspective' had not featured on that list. The interviews revealed that this was considered by stake-holders to be an important aspect of value provided by the Branch. This type of insight is common when organisations go through this type of process, and for many organisations, the discussions during the process generate as many insights as the deliverables.

After discussions with stakeholders, the resulting list of identified value dimensions is:

• **Provide broad perspective**

This describes the provision of information or advice in a framework illustrating the position and role of Branch activities relative to the scope of the portfolio. In addition to this 'snap-shot' view, this value dimension provides a perspective on issues that may confront the portfolio in the future and the possible scope of the Branch's role in this. The elements of this perspective assist the minister to generate maximum value from his limited available time, and the departmental executive to effectively manage the department's resources for current and future activity.

• **Provide concise, timely and accurate information**

The Branch provides concise, timely and accurate information to all of its stakeholders. While the nature of the information will vary between stakeholders, the value of the information delivered is essentially a factor of it being concise, timely and accurate.

• **Provide timely and correct advice**

The Branch provides both reactive and proactive advice to its stakeholders. For example, the Branch provides advice to the minister on the most appropriate response or position regarding questions, ministerial correspondence or issues that may arise through other avenues. The timeliness of the advice enables the minister to have maximum amount of currency in his action or response, while allowing time for full consideration and scope of action. The appropriateness of the recommended position refers to its 'fit' within government and departmental guidelines and policies. Independent of the stakeholder in question, value of advice is a function of its timeliness, appropriateness and correctness.

The positioning of the minister in this framework was determined by a workshop involving employees of the Branch. It was considered by members of the Branch that the minister, as the Branch's most important stakeholder, required the highest possible perceived value and the increased cost of achieving this higher value could be balanced by efficiencies gained through improvements in the way the Branch operates.

• **Articulate shareholders views to others**

The Branch represents its stakeholders' views to its other stakeholders. For example, the Branch may represent the views of one of its external stakeholders to the minister or to another government department. There is an element of 'managing the Branch's relationships' on behalf of its stakeholders in this value dimension.

• Provide stakeholder with access

The Branch acts and represents the interests of its stakeholders at government to government level, and in this way provides access and creates valuable contacts for its stakeholders. These contacts may be domestic or international governmental, academic or industrial entities.

• Achieve behavioural and attitude change

The Branch attempts to achieve behavioural and attitude change throughout government and the economy on behalf of its stakeholders. This describes the Branch's implementation of government policy on behalf of the minister, and the Branch's role as an advocate for the positions of other stakeholders in discussions with other government agencies.

• Provide funding

The Branch provides funding for private and public sector research organisations, private sector associations, universities and other such bodies to support their activities, where those activities are in accordance with government policy and the goals of the Branch.

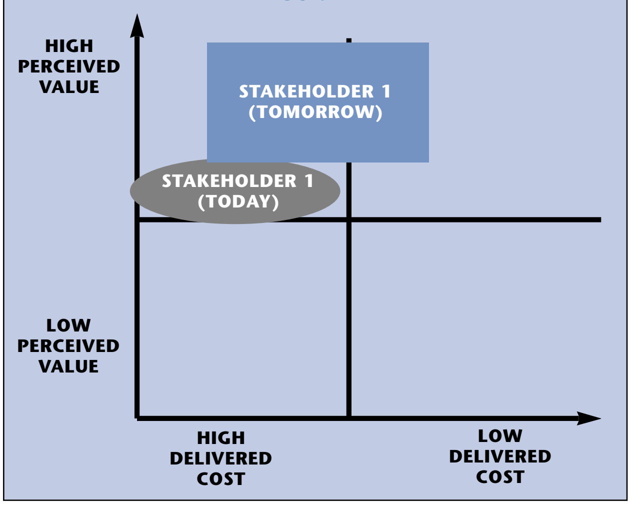
• Minimise cost

The Branch attempts to minimise costs in the performance of its duties. In the distribution of program funds the Branch attempts to generate maximum policy outcomes in a framework of highest possible value for money.

Once the value dimensions have been identified and defined, the process requires the articulation of relative importance of the different value dimensions for each stakeholder. The Branch achieved this by discussing the relative importance with key stakeholders. The figure below shows the different value dimensions for each stakeholder, and their relative importance.

THE STRATEGIC INTENT CAN BE ARTICULATED USING THE FOLLOWING OUTLINE:

FIGURE 4



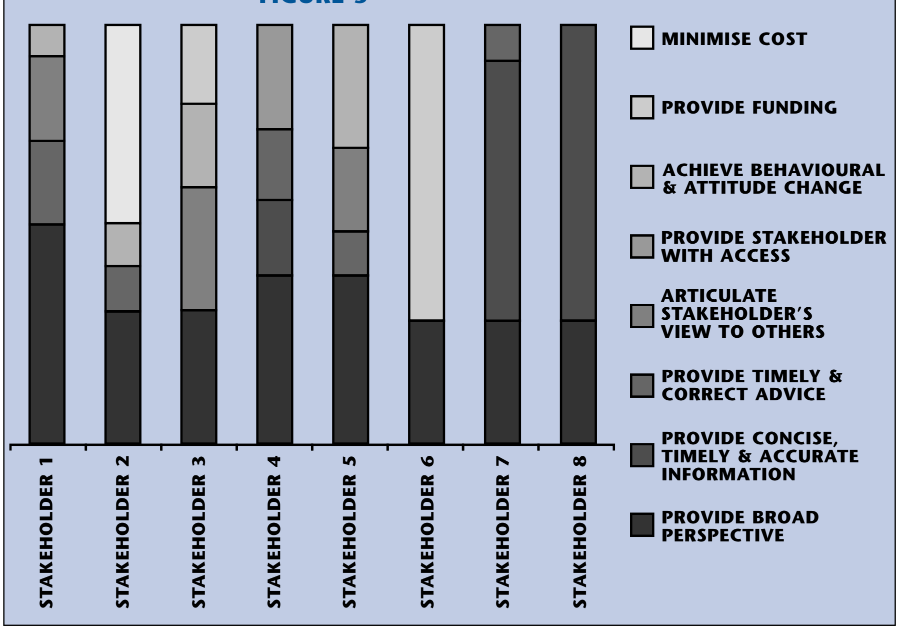
STRATEGIC INTENT

The next step is to outline strategic intent by stakeholder. The strategic intent describes the target level of value to be delivered to a stakeholder, within budget constraint, in the future. Again this becomes slightly more complicated in this type of organisation, since the Branch creates value for multiple stakeholders and the intent will have to be expressed for each of them individually.

For the remainder of this article we will only follow the process using the most important stakeholder, the minister, as the example, however the same process was carried out for all stakeholders.

The perceived value dimension is a measure of the value generated by the Branch in the mind of the stakeholder. This is driven by four elements; price, functionality, distinctness and mental proximity. The cost dimension relates to how much it costs the Branch to provide its services (offerings) to the stakeholder as compared to alternative providers of the service (offering). In this case, this cost is mainly made up of the external procurement of services and internal labour cost.

FIGURE 3



The positioning of the minister in this framework was determined by a workshop involving employees of the Branch. It was considered by members of the Branch that the minister, as the Branch's most important stakeholder, required the highest possible perceived value and the increased cost of achieving this higher value could be balanced by efficiencies gained through improvements in the way the Branch operates. This basic strategic approach—an increase in perceived balanced by a reduction in delivered cost—was considered desirable for most stakeholders, although for some stakeholders it was considered that no increase in perceived value or reduction in delivered cost was needed.

KEY SUCCESS FACTORS BY STAKEHOLDER

Key success factors (KSFs) indicate, as their name implies, the vital criteria that a particular strategy must meet in order to succeed. A strategy aimed at reducing delivered cost will have a completely different set of KSFs than a strategy of achieving higher perceived value. KSFs are fairly generic and take the form of factors such as, 'timely advice' or 'accurate information'. This is not to diminish the importance of the KSF identification step as the clear articulation of the KSFs leads to an accurate and useful selection of key performance indicators (KPIs).

While KSFs are quite generic and may apply to many organisations, the choice of KPIs reflects the characteristics of the organisation more closely as they are more specific. KPIs take the form of more specific and measurable factors such as 'hours of training per staff member'or, 'percentage of correspondence falling overdue'.

To arrive at a robust IC-index an organisation must go through a rigorous process where the KSFs for achieving the strategic intent are clearly defined and the KPIs to measure performance are clear and unambiguous. In most organisations this means reviewing a set of existing KSFs and KPIs but, for organisations without existing measurement system, these may have to be developed from scratch. This was the case for the Branch.

Key success factors can be defined in one of five ways :

- Derive KSF's from the 3-5 weakest links in the activity chain
- Derive KSF's from the 3-5 activities in the activity chain with the highest impact on delivered cost
- Derive KSF's from the 3-5 activities in the activity chain with the highest impact on perceived value
- Derive KSF's from the activities on the critical path in the activity chain
- Derive KSF's from industry standards

This part of the process was completed by staff who had intimate knowledge of the Branch's day-to-day operations. Immersion in the day-to-day business operations engenders the familiarity with the value creation of the organisation that is essential to the IC-process.

In order to identify critical success factors, it is useful to start by examining activity chains. The activity chain is a representation of the actual way in which work is carried out. For the Branch, two activity chains were identified as representative of processes that cover most work carried out. Below is the activity chain most closely related to value creation for the minister and the Departmental Executive.

This activity chain is designed to represent basic procedure followed in the delivery of 'briefings'. This basic procedure covers delivery of ministerial briefs, parliamentary question time briefs, administration briefs, meeting notes, speech notes, ministerial and departmental correspondence and other similar outputs. This activity chain also applies to certain forms of service delivered to other stakeholders.

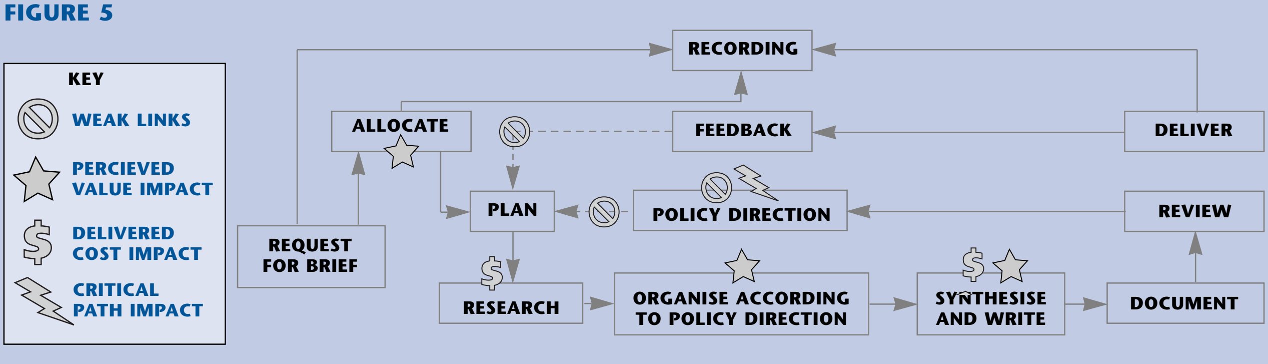
Examination of the activity chain highlighted the following KSFs:

1. KSFs derived from the weakest links in the activity chain

- Feedback from stakeholder or stakeholders after a brief has been delivered was identified as important. Feedback was considered an important factor in ensuring maximum future value generation for the stakeholder.

EXAMPLE OF POSSIBLE KPIs[1]
• Has feedback been provided
• Completeness of feedback
• Time from delivery to feedback received

FIGURE 5



• Timely provision of clearly articulated policy direction was identified as a key factor in ensuring a timely and appropriate response.

EXAMPLE OF POSSIBLE KPIs
• At what stage was policy direction provided
• Completeness of policy direction
• Amount of re-drafting required

2. KSFs derived from activities in the chain with the highest impact on delivered cost

• Access to comprehensive and easily accessible libraries of information was identified as very important. To have comprehensive and up-to-date information prevents 'reinventing the wheel' and reduces cost and time in producing the brief.

EXAMPLE OF POSSIBLE KPIs
• Libraries used in preparing the brief

• Ability of the action officer to organise, synthesise and present information was also identified as a factor that had an impact on delivered cost.

EXAMPLE OF POSSIBLE KPIs
• Feedback through performance management system

3. KSFs derived from activities in the activity chain with highest impact on perceived value

• Here the ability to allocate the briefing requests fast was identified as important. If this doesn't happen the person that finally gets asked to prepare the brief will have less time to research and write the brief. This might have impact on the quality.

EXAMPLE OF POSSIBLE KPIs
• Time taken to allocate briefs
• Number of re-allocations

4. KSFs derived from activities on the critical path in the activity chain

• The timely provision of clearly articulated policy direction was also identified as important. This impacts how up-to-date and accurate the briefs are.

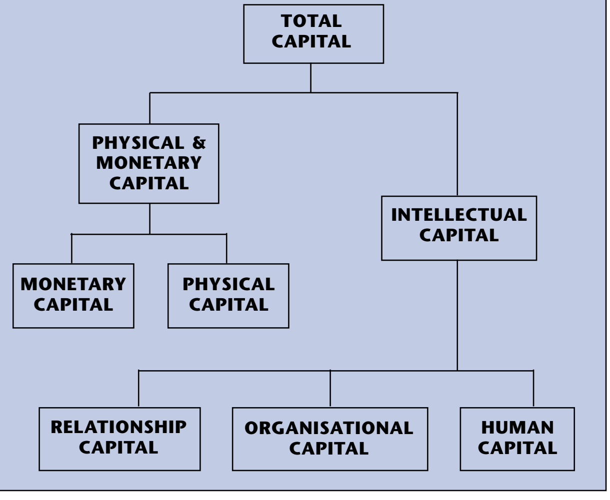
EXAMPLE OF POSSIBLE KPIs
• At what stage was policy direction provided
• Completeness of policy direction

ARTICULATE VALUE CREATION PATH

The next step in the process is to articulate the organisations value creating path. Looking at the distinction tree in Figure 6. it can be seen that the value of an organisation is derived from the presence and utilisation of its physical and monetary assets and from its Intellectual Capital. Under the name of Intellectual Capital, we classify all intangible resources , as well as their interactions [Roos *et al.*, 1997; Bontis, 1998]. Thus, according to this convention, Intellectual Capital is simply the collection of intangible resources and their interaction. The definition of intangible resources is however trickier. For the purposes of this article, suffice to say that intangible resources are any factor that contributes to the value generating processes of the organisation and is, more or less directly, under the control of the organisation itself. Thus, the goodwill of the local community is an intangible resource (because the company can influence this) and therefore a part of Intellectual Capital. The tax system, however, is not, unless the company is so big that it can influence the tax system of the country in which it operates.

By using this definition, it becomes clear that Intellectual Capital is something that is distinct to each and every organisation and what the organisation can and cannot influence depends on many factors, which makes one organisation include in IC something that another company might not. In other words, IC is context specific. When using the IC process however, the idiosyncratic situation of each organisation should take precedence, and guide the selection of specific categories. In general, the identification process should be guided by a purely managerial logic: if two intangible resources require different managerial actions, then they should belong to two different categories. Figure 6 illustrates an example of a distinction tree for Intellectual Capital.

FIGURE 6



Human resources are the collection of intangible resources that are embedded in the members of the organisation. These resources can be of four main types: competencies (including skills and know-how), attitude (motivation, behaviour and traits) and intellectual agility (the ability of organisational members to be 'quick on their intellectual feet': innovation and entrepreneurship, the ability to formulate and solve problems etc.) and personal relationships (the ability to develop, use and participate in networks).

Organisational resources instead are, 'everything that remains in the company after five o'clock'[2]. Organisational resources include processes, structures, systems, culture, brands, intellectual property, etc. Its scope lies internal to the organisation but external to the human resource nodes. It comprises all the intangible resources which are the property of the organisation: thus in most cases there is a market, albeit a limited one, for organisational resources, where the organisation can buy or sell intangible resources, and the dynamics of this market are quite similar to the ones governing the market for more traditional resources (though there are obvious complications due to the problem of valuing these intangible resources correctly). The market for human resources instead, while existing, presents totally different characteristics, given that what is 'bought' and 'sold' are people, and thus nobody can claim ownership on them.

The third type of resources, is relationship resources represented by relationships with stakeholders.

Identifying different types of Intellectual Capital can be likened to the identification of stocks of intangible resources: this however is not enough. It is also important to measure, and thus also manage, the flows of Intellectual Capital, that is the changes in the stocks of intangible resources[3]. It is these stocks and flows that together make up the drivers of future value creation. The stocks represent the resources that the Branch possess, and the flows show how it utilises the stocks available.

The identification of stocks creates a series of still photos of the company's intangible resources, whereas the flows provide the animation. Adding a flow perspective to the stock perspective is akin to adding a profit and loss statement to a balance sheet in accounting. The two perspectives combined (or the two reporting tools, in the case of accounting) provide much more information than either one, alone.

At the same time, Intellectual Capital flow reporting presents some additional challenges in terms of complexity. Unlike accounting and cash flows, Intellectual Capital flows do not necessarily add up to zero: in other words, Intellectual Capital management is not necessarily a zero-sum game [Roos and Roos, 1997]. We are all familiar with stories of investments in IT, brand building and training that did not pay off, and turned out to be pure money drains. In these cases, the money invested in these activities did not convert into value for the company. Equally renowned are other cases where small ad campaigns, marginal improvements in quality or processes and short training courses paid back their cost manifold, turning into great assets for the company in question.

To arrive at a robust IC-index an organisation must go through a rigorous process where the KSFs for achieving the strategic intent are clearly defined and the KPIs to measure performance are clear and unambiguous.

Whereas the process of identifying KSFs and KPIs outlines what has to be done according to the stated strategic intent for each stakeholder, it does not reveal how value is actually created within the Branch. The stated strategy is rarely in complete accord with the way in which the business is run—how decisions are actually taken and if they are subsequently acted upon. The aim of this part of the process is to extract this tacit knowledge and the management team should ask themselves the following three questions that will be addressed in turn:

1. What resources do we need in order to create value in accordance with the strategic intent (stocks)?

2. How do we use these resources in order to create value in accordance with the strategic intent identified for each stakeholder (flows)?

3. How relatively important are the identified stocks and flows for creating value in accordance with the strategic intent?

Working with these questions, the management group of the Branch identified human resources as the most important resource necessary to create value for their different stakeholders. The second most important was agreed to be organisational capital, with structural capital following as a close third.

Type of resources	Importance
Human Resources	43%
Organisational Resources	17%
Relationship Resources	15%
Physical Resources	6%
Monetary Resources	19%

The relative importance of the resources identified as drivers of future value creation is shown in the table above and visualised in Figure 7 in the form of a context specific distinction tree. This also shows a further break down of the different resources. The discussions surrounding this process generated many different opinions, and the discussions in themselves provided insights as they forced the managers to think about what is really needed to create the value they deliver to their stakeholders.

When the resources were identified, the managers considered how these resources were transformed into flows. The participants identifyied and prioritised what resources were needed to create value for the different stakeholders. The visualisation process provides large amounts of information about hidden assets deemed important by the participants. To avoid a paralysing information overload and to act upon the new insights, the next step of the process was to require the managers to think in terms of trade-offs and focus on the flows that were important and how they relate to each other in terms of value creation.

The final outcome of this process is a navigator that visualises the answers to the previous three questions—in other words, how value is really created in the organisation.

The navigator with scaled stocks and flows for one of the stakeholders looks like this[4]:

SO, WHAT DOES IT SAY?

The interpretation of the context specific navigator is difficult for someone outside the Branch but makes eminent sense to those familiar with the Branch. For

FIGURE 7

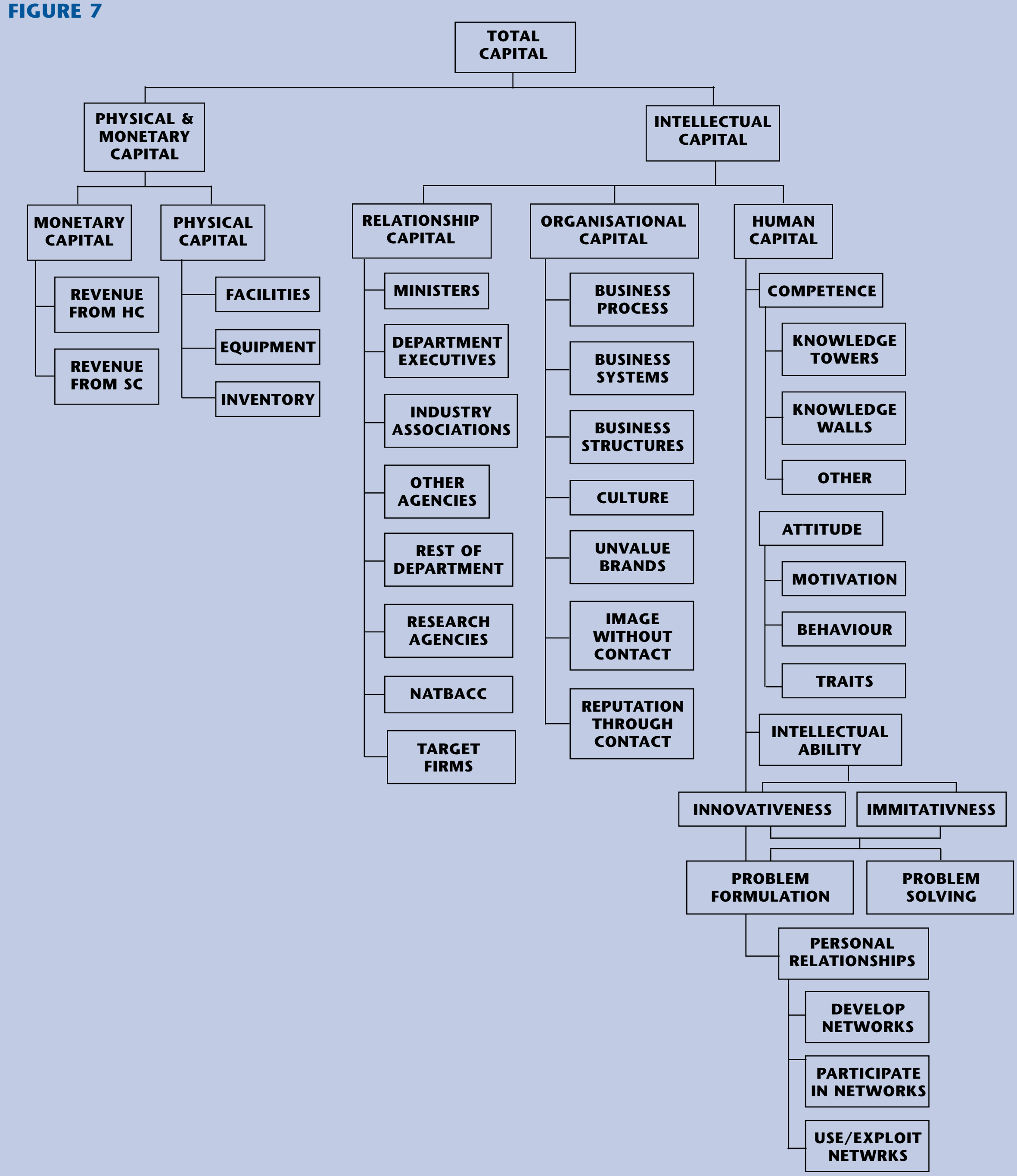
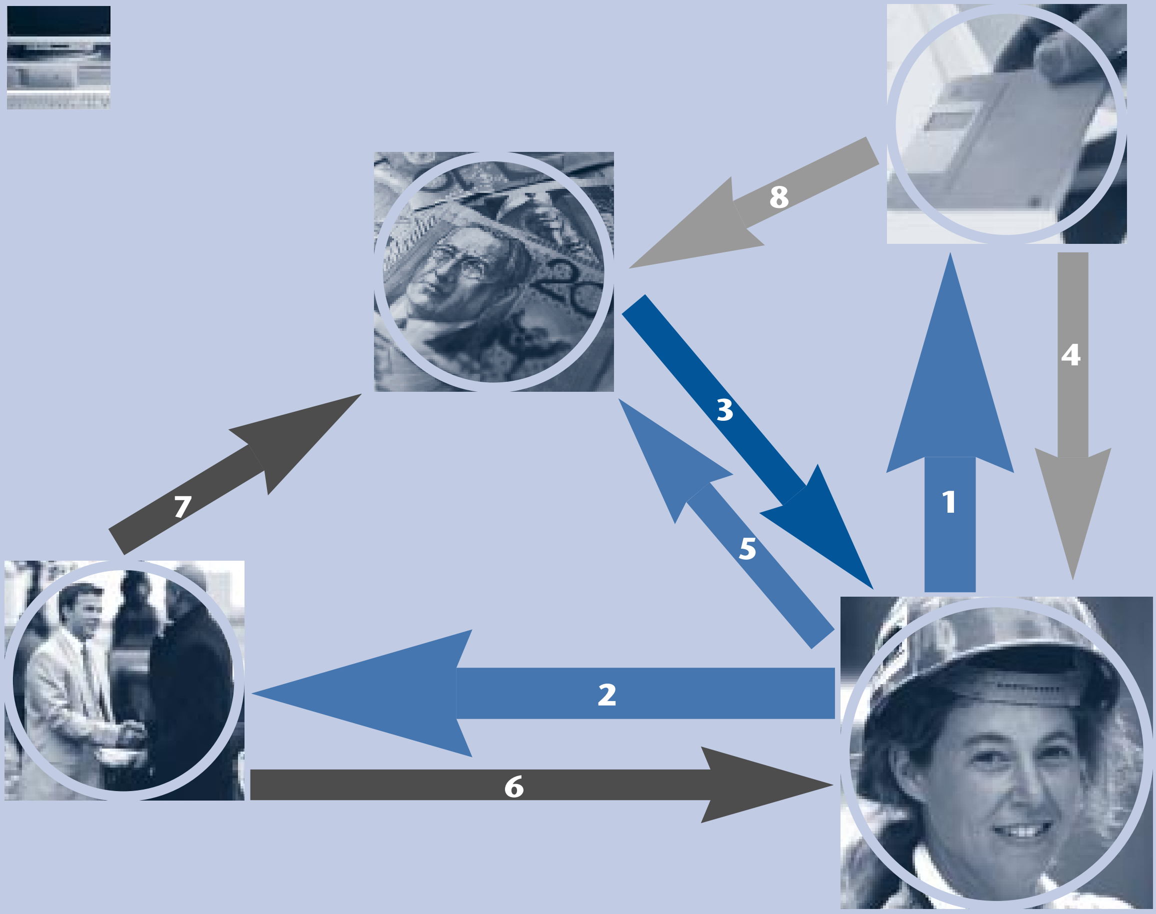


FIGURE 8



managers involved in the process it visualises the Branch's fundamental business recipe and thereby provides a tool to communicate their value creation strategy both internally in the organisation and to different stakeholders.

Let's take a closer look at how insights are reflected in the navigator. The boxes represent the five different forms of capital identified by the Branch. The arrows represent the flows between them. The size shows the relative importance for value creation, the larger the box or arrow, the higher the importance of that stock or flow for the creation of value given the strategic intent of the Branch. In our stakeholder organisation, a navigator like this is created for every stakeholder. For the purpose of this article we have chosen to look at the navigator on an aggregated level. Thus, the fact that the monetary asset box is relatively small does not mean that the Branch does not need money but that human capital is of higher importance than monetary assets when creating value for stakeholders.

The most important transformation of capital is from human resources to organisational resources. This is not surprising since human assets to a large extent create processes, structures and systems (the output to stakeholders). Another flow of almost equal importance is the flow from human assets to relationship assets. This means that much of the work of the Branch is to maintain and grow relationships with stakeholders.

STRATEGIC ALIGNMENT OF KSFS AND KPIS WITH CONSOLIDATED VALUE CREATION PATH

The joint review of Intellectual Capital stocks and flows still leave some issues unsolved. It is still impossible to judge the overall IC situation of organisations: if, for example, its culture has improved (judged by whatever criteria top management chose as appropriate), but its process efficiency has deteriorated. In such a situation, what is the final effect on structural capital? Has it gone up, down or remained stable? An answer can only be reached through the consolidation of the different IC indicators into a single, summary measure. This consolidation implies the identification of weights for all indicators, in order to ensure that the most important factors are adequately represented in the consolidated IC index. It also requires a re-examination and transformation of the indicators, to make them dimension-less and more robust. However, once this index is

Very briefly, human resources are the collection of intangible resources that are embedded in the members of the organisation. These resources can be of four main types: competencies (including skills and know-how), attitude (motivation, behaviour and traits), intellectual agility (the ability of organisational members to be "quick on their intellectual feet": innovation and entrepreneurship, the ability to formulate and solve problems etc.) and personal relationships (the ability to develop, use and participate in networks)

obtained, it can be used to monitor the evolution of the organisation's IC situation easily and effectively.

This is the stage when the two phases are brought together and the indicators get sorted according to the value creating path. In practice that means assigning the different KPIs to the different stocks and flows in the navigator. This reveals whether the previously articulated strategy—on which the KSFs and KPIs are based—is aligned with the way the organisation creates value on a daily basis. In other words, it provides a reality check of both strategy and value creating path. This step led to discussion within the Branch and questions about strategy formulation and implementation. For the Branch it provided a valuable insight into the way they work with their different stakeholders. They identified areas for improvement, but also realised that they were doing many things right and that small adjustments might possibly lead to huge benefits.

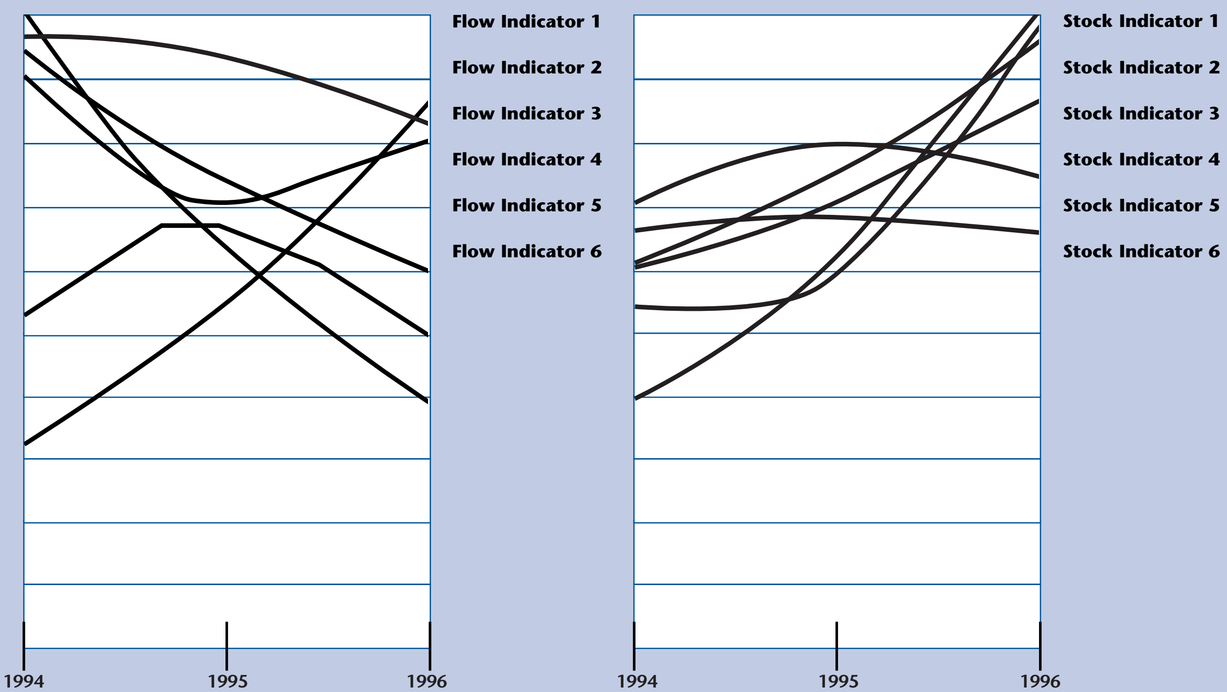
THE CREATION OF THE IC INDEX

The last phase of the process is to create the IC index. The former phase sorted the indicators according to their relative importance to achieving the strategic intent, indicating the structure for the index is in place. The indicators are still in different units and have to be normalised before consolidation. Consolidation is done in a way that acknowledges that these resources and flows are not additive (it can therefore not be a weighted average).

This way the index becomes the managerial operalisation of the visualisation tool (the navigator)

The index for stocks shows changes in the resource base indicating which of the resources that are important for value creation have increased and which ones have decreased and by how much. The index for flows shows how well the organisation manages to utilise its resources to create value for each stakeholder – i.e., is value being created or destroyed and at what pace. Two examples of an IC-index for stocks and flows are depicted below.

FIGURE 9



CONCLUSIONS AND INSIGHTS

It was the stated goal of the general manager of the Branch to try to develop a tool that would serve as a guide to the Branch's daily work. It was also a goal to identify what constitutes value for each of the stakeholders to ensure that the Branch provides optimum value for each stakeholder. The process provided the participants with several surprising results. Initially they assumed that the Branch's advice to stakeholders was the most important value produced. Discussions with the different stakeholders showed that the 'broad perspective' of the Branch was the most important value. This wasn't identified initially by the Branch. As a consequence of this the Branch also realised the importance of communicating and maintaining close relationships with stakeholders to raise and maintain perceived value.

The process allowed the identification and visualisation of the Branch's value creation path—using the language of intellectual capital in order to visualise and communicate how they create value generating—aligned behaviour throughout the organisation.

The Branch also found that the identification of value creating activities in a manner that allows prioritisation, thereby optimisation of resource use was essential. It visualised the importance of policy direction in the briefings activity chain.

The process allowed the identification and visualisation of the Branch's value creation path—using the language of intellectual capital in order to visualise and communicate how they create value generating—aligned behaviour throughout the organisation. Another revelation was the understanding of the flows between the different stocks and that they are the key for the value creation. This shows that it is not the stock of knowledge residing in the individuals in the Branch that is the most interesting, but how the Branch manages to transform that knowledge into processes, structures and systems. In other words establishing and developing systems to capture the value produced by human capital and to improve the value delivered to stakeholders consistently and over time. Initially there had been some suspicions surrounding measurement of human capital, since some employees in the Branch thought it included measuring employee efficiency. The process however resulted in the development of a common language for discussing the vital importance of the human capital contributions.

Overall, the participants agreed that the greatest value lay in the process itself—taking the time and effort to consider the relevant issues such as, Who are our stakeholders? Who matters? What do they really want from us? How do we really do things and does this produce the best result for our stakeholders? ●

1. Ketelhöhn, W., 'What is a key success Factor ?' *European Management Journal*. Vol 16 No 3, 1998.

2. Bontis, N., 'There's a price on your head: Managing Intellectual Capital strategically'. *Business Quarterly*, Summer, 1996.; Edvinsson, L. and Malone, M. S., *Intellectual Capital*, Piatkus, London, 1997.; Roos, G. and Roos, J., 'Measuring Your Company's Intellectual Performance'. *Long Range Planning*, 30, 3, 1997.

3. Roos, G. and Roos, J., 'Measuring Your Company's Intellectual Performance'. *Long Range Planning*, 30, 3, 1997.

4. The navigator can be made even more specific, to account for each of the stakeholders, for the purpose of this article however, just one level is shown.