

The need for change


- **The world has changed – the “connected” age**
 - Industrial age systems and approaches are limited
 - Stakeholders have unprecedented visibility
 - Pressure to break down silos
- **The population is ageing and the workforce is increasingly constrained**
 - Emerging markets pursue knowledge based industries
 - Knowledge is being “retired”
- **Productivity and innovation – key to sustaining economic growth**
 - Need to better leverage people and technology
 - Challenge in determining “tangible” value for those investments

New Business Models

Business Model	Capability
<p>1. Value Chain: Tangible and monetary resources form basis of competitive advantage.</p>	<p>Production: Objective is to produce products and in doing so reduce costs and increase margins. Criticised for being biased towards physical and monetary resources.</p>
<p>2. Value Shop: Human resources form basis of competitive advantage.</p>	<p>Problem Solving: Objective is to produce solutions to problems which entails capturing knowledge about problems.</p>
<p>3. Value Network: Relational and organisational resources form basis of competitive advantage.</p>	<p>Mediation: Objective is to create value through the establishment of connections - the mediation of exchanges. Focus is on managing and developing relationships with actors in value network and finding new actors.</p>

Source: Accenture, 2004

Services & Knowledge driving growth

Year	Services % GDP ₁	Services % Labour ₂	Knowledge Workers % Labour ₃
2005	50% 	75% 	32% 
1996	45%	72%	27%
1986	40%	66%	Na 

1 Finance, distribution and Other Services

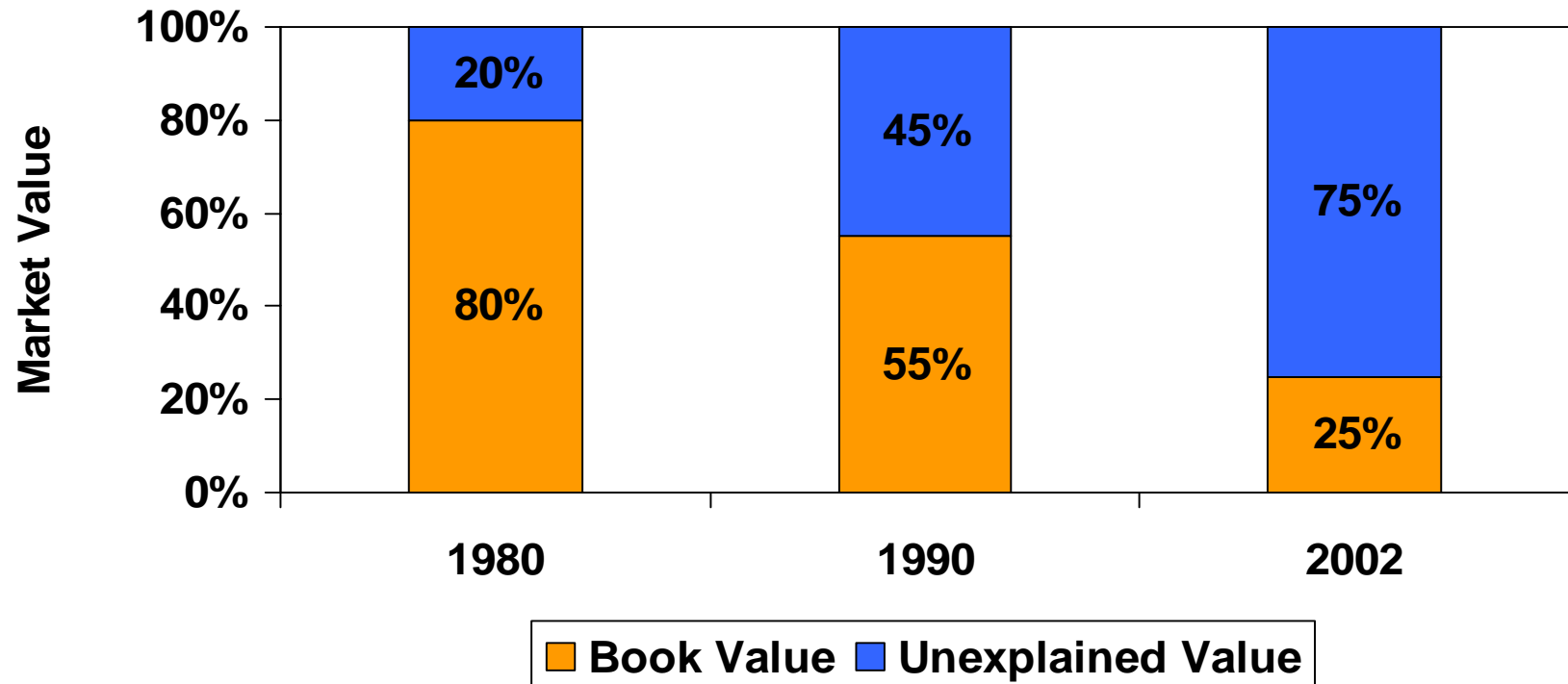
2 Excludes Forestry, Fishing, Mining, Manufacturing, Utilities & Construction

3 Includes Professional and Associate Professional

Source: ABS 1301 Yearbook and 6291 Labour Force Australia

But the value is unexplained.....

S&P 500, 1980-2002



Source: Accenture, July 2004

... as it is not on the Balance Sheet

	Traditional Financial Accounts			Extended Performance Accounts		
	Monetary	Physical	Intangible	Structural	Relational	Human
Tangible Resources	Cash Receivables Payables Securities	Property Plant Equipment Inventory	Intellectual Property Customer Lists Brands Contractual Agreements	Documented Operating Policies Documented Company Programmes (i.e. TQM, JIT, Six Sigma, SPC etc).	Contractual Agreements with Alliance Partners and Joint Ventures	Employment Contracts Training Manuals In-house Learning and Development Programmes
Intangible, Knowledge Intensive Resources	Credit Rating Borrowing Capacity Strength of Balance Sheet	Plant Flexibility Tradability of Assets Quality of Inventory	Infrastructure Working Capital Management	New Product Development Management Processes and Programmes Information Systems and Processes Software Programmes Organisational Structure and Culture Management Philosophy	Government Relations Community Relations Distribution and Supply Channels and Relations Customer Relations Financial Relations Industrial Relations Company Name and Brands	Employee Demographics Employees' Innovative Capacity Employee Diversity Learning and Development Abilities Educational and Work-related Qualifications Leadership and Top Mng Quality

Source: Australian Guiding Principles on Extended Performance Management (2005)

What's needed

- An integrated approach involving all key stakeholders to measure and manage knowledge and innovation for productivity and performance in the Australian economy
- A “lighthouse” that enables collaboration so best practice is identified, tested and rolled out across the Australian economy

SKE Charter

To encourage and assist the development and adoption of best practice in the management and measurement of knowledge and innovation in the Australian economy.

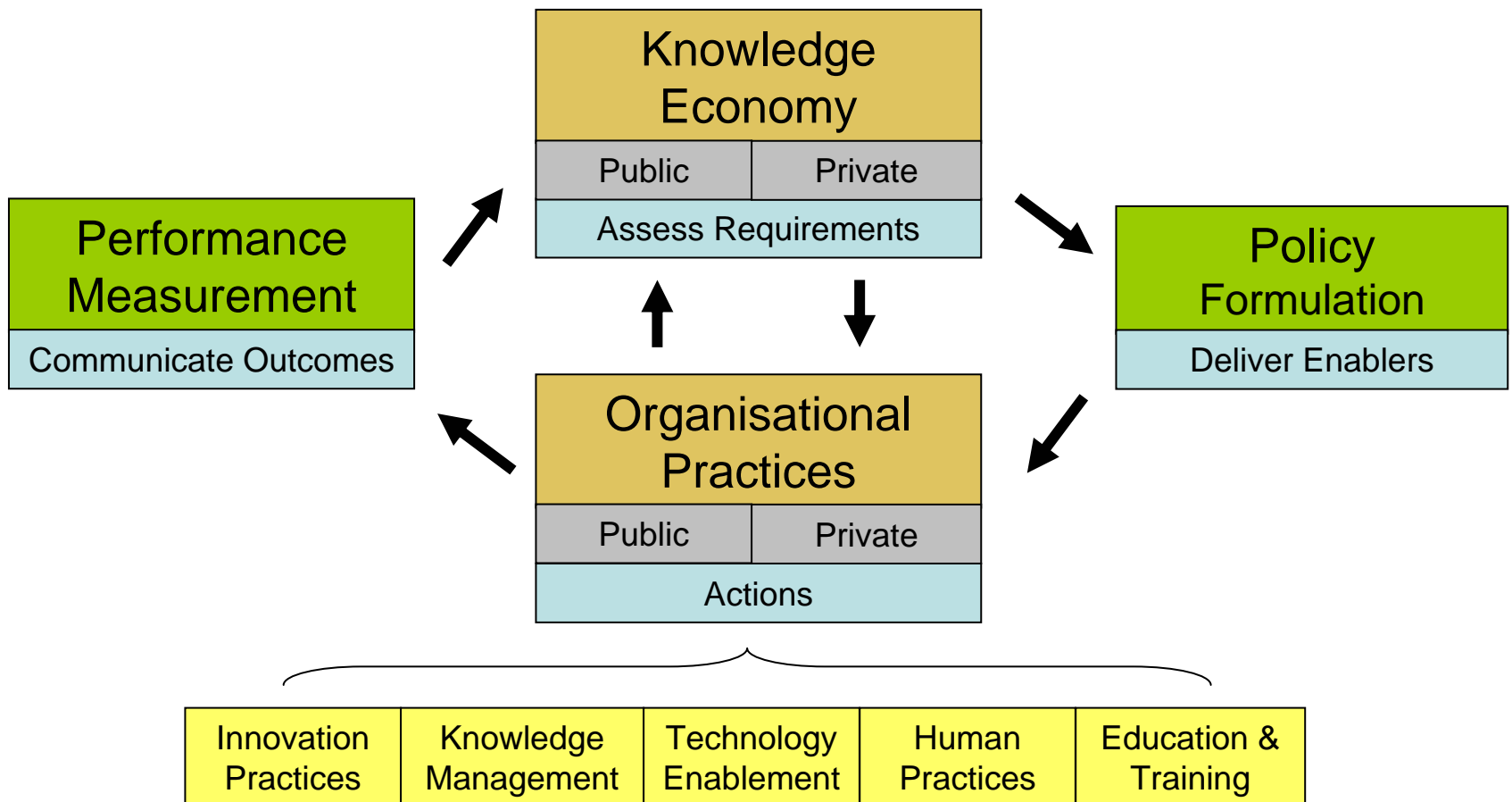
Action Plan

How SKE will deliver stakeholder requirements

- a. **Align research efforts** around practical needs (research co-ordination);
- b. **Develop, promote practical tools and guidelines** for use in the Public and Private Sectors;
- c. **Build network in Australia and overseas;**
- d. **Hold forums and events;**

Program/Research Focus

SKE believes there are four key areas of focus



Source: SKE