

Stages of Intellectual Asset-Based Management

Firmly identify your company's strengths

First of all, write down your company's strengths. Effective methods are available, such as SWOT analysis. Do a stock-take of what provides the source for such strengths and other important elements, so as to sort all intellectual assets and strengths the company possesses.

* SWOT analysis: A method of overall assessment, examining a company's Strengths, Weaknesses, Opportunities and Threats.

Summarize how your company's strengths lead to returns

Based on past achievements, summarize your management policy on how the company's strengths have yielded, and will yield, returns. In this process, establish association between financial figures and non-financial elements including intellectual assets.

Clarify the management policy and define management indicators

In order to achieve the management policy summarized above, define management indicators that employees can use as guides.

Compile a report

Draw up an "Intellectual Asset-Based Management Report". Present the aforementioned management indicators that can be disclosed, in the context of management policy, as information that is highly likely to lead to future returns. This visualizes the company's potential, increases the sense of partnership between management and employees, and generates a high level of commitment.

Implement Intellectual Asset-Based Management

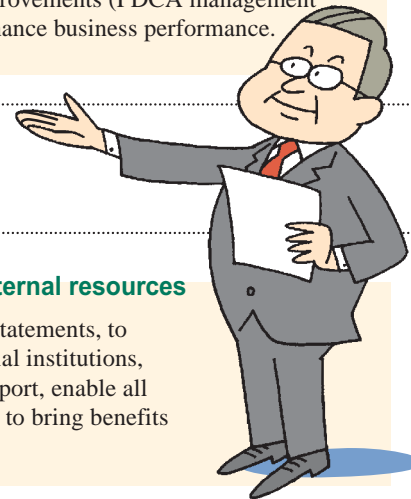
Enforce the above management policy, while using management indicators across the company as a guide to implement Intellectual Asset-Based Management. It is also important to measure management indicators and conduct regular checks / improvements (PDCA management cycle) to enhance business performance.

Internal management

External management

Presentation to stakeholders: Utilization of and collaboration with external resources

Present the "Intellectual Asset-Based Management Report", along with financial statements, to employees, prospective employees (human resources), business associates, financial institutions, local communities, investors and other parties. By presenting a highly-credible report, enable all stakeholders to correctly assess your company's future potential. This is expected to bring benefits such as reduction in fund-raising costs.



Note regarding information presentation:

The objective of compiling an "Intellectual Asset-Based Management Report" is not simply to disclose it. The report is compiled to smoothly convey information that should be delivered to parties you intend to convey it to. Confidentiality is an important aspect of business management. You must identify the objective / target of information presentation, and carefully determine which indicators should be presented and which indicators should remain confidential.

For further information, contact:

Miyata or Tozaki (TEL: 03-3501-3752), Intellectual Property Policy Office, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry
http://www.meti.go.jp/policy/intellectual_assets/index.htm

Take greater advantage of your company's Intellectual Assets!

Utilize your "invisible assets" to extend the corporate values!

For corporate survival, it is essential to have the source for differentiating your company from competitors to establish a competitive edge. Differentiation can be achieved, without spending a lot of money, through adopting a fresh perspective and tapping into your "intellectual assets (invisible assets)".



What are intellectual assets?

Intellectual assets are intangible assets, different from tangible ones described in conventional financial statements. They represent **all management assets** that are neither reflected in financial statements nor easily visible, but provide the source of competitive edge, such as human resources, technologies, skills, intellectual properties (patents, brands, etc.), organizational capacity, management philosophy and customer networks.

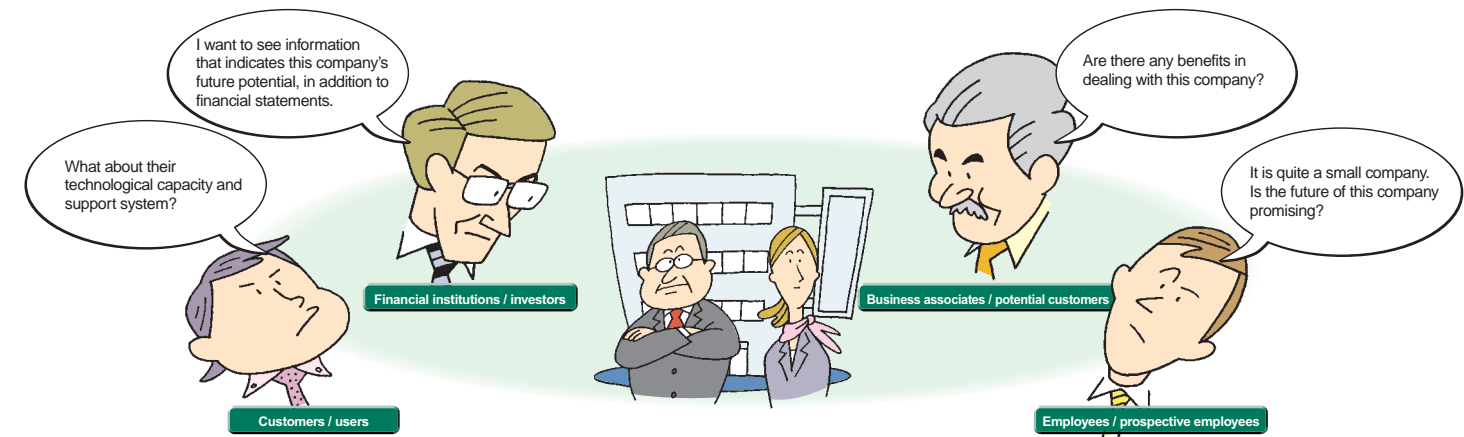


There must be elements in your company that should be aggressively appealed. There could be aspects that you might not consider as strengths, but others see as powerful advantages.

“Intellectual Asset-Based Management” is a management style that identifies and takes advantage of your company’s strengths (intellectual assets) to enhance business performance.

Compiling an “Intellectual Asset-Based Management Report”

Are there elements that business operators take for granted but people around them are completely unaware of? They may be feeling of uneasiness due to their innocence with respect to these factors. For the survival and development of your company, it is essential to make stakeholders (creditors, shareholders, customers, employees, etc.) aware of the positive aspects of your company. In addition to preparing accurate financial statements, draw up and present an “Intellectual Asset-Based Management Report” to show the true worth of your company.



Advantages of drawing up an Intellectual Asset-Based Management Report

- (1) Enhances the credibility of the company’s future earnings projection, thereby improving the corporate value
- (2) Clarifies how each employee’s work is linked to the corporate value, thereby enhancing worker morale
- (3) Raises the business associates’ and clients’ level of confidence in the company
- (4) Achieves optimum distribution of management resources
- (5) Appeals future growth potential to prospective shareholders when going public
- (6) Gives an advantage in fund-raising from financial institutions

Sample contents to be included in an Intellectual Asset-Based Management Report

- The president’s management philosophy and vision
- Business description and industry status
- How the company will adapt to future uncertainties to generate profits
- Past management policies and achievements
- Technological capacity and other sources for differentiation



Case study of Intellectual Asset-Based Management All About, Inc.

All About, Inc. operates the comprehensive information website “All About” (URL: <http://allabout.co.jp/>), featuring advice from approx. 350 experts. The company has adopted “Intellectual Asset-Based Management” to “enhance the source of mid- and long-term corporate growth”. Its source of value creation lies in “information editing ability”, “expert network”, “profit management capacity”, underlining “human resources and organizational strength” and the comprehensive “brand power”. These elements have been identified, accumulated and utilized as intellectual assets in its implementation of “Intellectual Asset-Based Management”. The company has presented this initiative internally and externally in the form of “Intellectual Asset-Based Management Report” (URL: http://www.ferraraointangibles.net/OECD-FerraraIntangiblesConference/ppt/ebata_5b.pdf). This attempt has led to improving the precision of its business operations and deepening the understanding of its investors.



The Intellectual Asset-Based Management Report by All About, Inc. (2005)



● The Intellectual Asset-Based Management Report by All About, Inc. consists of the following:

- I Message from the Management
 - Our attitude toward intellectual asset based management
 - Footprints since business launch
- II Management Philosophy
- III Management Vision for the Future
- IV Structure of Value Creation
 - The structure of value creation to realize our management philosophy
 - Overview of intellectual assets (stock)
 - Overview of the flow that employs intellectual assets
- V Achievements
 - Circumstances surrounding our company
 - Results of intellectual asset based management to date
 - Earnings highlights
- VI Future Developments
 - Changes in consumption and the market environment
 - Future management strategies
- VII IC Rating®
- VIII Fact Data
- IX Company Profile