Foreword

The financial crisis that marks the end of the first decennium of the 21st century proves that intangible factors rule the economy: trust, information, knowledge, wisdom. For over 20 years these factors have been identified as the intangible assets our knowledge-based economy is built on and the crisis once again shows that the success of companies depends on their ability to create unique intangibles and turn them into value. However, the financial crisis also shows there is a second class of intangible factors that is equally important: e.g. a culture of greed, a management style focused on realizing short-term success, a system of bonuses that encourages fraud and misdemeanour. These are the intangible liabilities that our capitalistic system has produced and that have caused the collapse of multi-billion dollar companies like Enron, Lehman Brothers and Northern Rock.

As human beings we have come a long way. Our most important means for the creation of wealth have become intangible. Hurray! Not so long ago we created wealth by hunting for deer and making fire by pounding two rocks together. Now we create it with intangible resources like knowledge, information and relationships. But, at the same time the biggest threats to our wealth have also become intangible: lack of trust in our money, lack of moral consciousness among stock brokers that try to earn millions by speculating at the fall of the Euro, lack of check and balances in our financial system. Although you can not drop these intangible liabilities on your foot, they can hurt like hell.

So intangibles create and destroy. That is why this is the right book published at the right time. We know intangibles are the most important assets and liabilities in our economy. However, that is about all we know. We do not really know how to correctly identify intangibles, how to measure them exactly, or how to value them accurately. What we do know is that identifying, measuring and valuing intangible are difficult and related tasks. This book provides an overview of how far the intellectual capital community has come in finding solutions for identifying, measuring and valuing intangibles. It is an honest book that does not try to fool you with easy answers. At the same time it is a practical book with plenty of examples of organizations that have developed practical tools to create insight into their most important assets and liabilities: intangibles.

Daniel Andriessen
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Daniel Andriessen is Professor of intellectual capital at INHolland University of Applied Sciences, The Netherlands, and director of the INHolland Centre for Research in Intellectual Capital, a research group set up to study the impact of the intangible economy on people and organizations. More information on his work can be found at his website: www.weightlesswealth.com