

Foreword

UNDERSTANDING AND CULTIVATING SOCIAL KNOWLEDGE

Just imagine that you are sitting in an historical coffee house in Vienna, Austria, or a modern Starbuck's coffee bar in New York, USA. Just sense the ambience and smell. Observe the conversations. It is the same social effects that were at hand in the old coffee shops on Through Morton Street, London some 150 years back. It was in this social context the London Stock Exchange as well as Lloyd's insurance was emerging.

It illustrates the importance of social context and networking for value creating. And here we might find the core of the City as well as Society Knowledge Development. This might be the community effect of $1+1=11$, or in other words that the cumulative result of networks shape a higher value. This is also sometimes referred to as the Law of Increasing Marginal Utility as developed by the pioneering economists Brian Arthur and Paul Romer, USA.

"Cities of the Future" is the title of a well appreciated report from Price Waterhouse Coopers 2007. Here they are identifying some interesting City cases as well as a way to address the value creating components. It is mainly based on the core components of Intellectual Capital, human capital, relational and structural capital, but refined into more components, among others Social Capital (see www.pwc.com). Major critical elements of value creating systems as well as the language for Knowledge Based Development is further explored in this book.

The City emerged as a place for mainly defense or security as well as exchange of goods in the old days. Today the City is becoming a place for exchange of Knowledge and Networks, by so called Knowledge Workers. This means people working with value creation through more and more intangible dimensions. The City is then becoming a critical contextual platform as structural capital for shaping and leveraging human capital into collective intellectual capital. Therefore Urban design is becoming a more and more an essential challenge for Social Knowledge Innovations, especially as the world migration into cities is so immense.

Today more than 50% of our global population is in cities and the global talents seem to gather in fewer and fewer so called mega cities. Architecture and urban design will become critical for knowledge based development of communities. Especially this relates to quality of place, socio-spatial design and the emerging new requirements for a New Welfare City State, as described later on in this book.

But the traditional perception and function of the urban design evolution has more been about suburbs, roads or specific objects. This way of designing cities for the future is often starting on an engineering desk, by drawings, of streets, with well defined separating areas, of residence, office and work, as well as city areas versus suburbs. This separation process is an old science approach, called fragmentation.

Perhaps for a modern sustainable knowledge city, the opposite approach should be explored, i.e. as a quest of shaping for *intelligent social integration and interactivity*. This might be especially essential for attracting the migrating knowledge workers, as important value creators. For this we need to focus more on the intangible dimensions of understanding and cultivating the social knowledge. A long time ago this was actually also prototyped in case of the city Ragusa.

Let me first give some background on Ragusa. This city was shaped more than 1000 years back, in the Mediterranean area. It became a very successful city state, well ahead of its time. It flourished with a continuously growing wealth for more than 600 years, up to 1806. It was surrounded by envious enemies for a long time, trying to conquer the city and its growing wealth. In spite of not having a traditional military force Ragusa sustained.

What was the recipe for this sustainability and growing wealth? Research on the recipe and findings is highlighted in a book titled: Ragusa Intelligence & Security (RIS) - A Model for the 21st Century, by late professor Stevan Dedijer active among others at Lund University, Sweden. Ragusa focused on shaping knowledge ecology and specific knowledge recipes, around 3 pillars of Education, Diplomacy and Trade/Networking. Today this is called social intelligence.

The urban design of Ragusa was full of very explicit as well as implicit ideas. On the explicit side was e.g. to design the city to be ventilated by its own streets, as a kind of City air conditioning. On the implicit side was to appoint the City Leader or Mayor with the title of Rector/Dean. The meaning of this was among others to amplify the role of Knowledge Leadership. Furthermore this position was rotated every 13 month to another person. When visiting the Rector's palace in Ragusa's Senate you will find above the entrance a motto: "Forget private interests (as you) manage public ones." The name of the city today is Dubrovnik, Croatia, located along the Adriatic Coast line of the Mediterranean.

Ragusa is a very unique example which managed to combine relational, human and structural capital. Even the word "Libertas" on their ships' flags, which means freedom, enhances this pioneering mind set. Now since 2007 and every year a special group of excellent students from Zagreb is organizing a special conference – trying to find the deeper roots of these knowledge recipes (See more on <http://www.youtube.com/watch?v=-0M9cUBgMVI>).

Knowledge Based Development is valid both for the developing nations, cities and regions acting in a global competition for talents. In this the educational investments or the intangible investments is a CSF. The core of this evolution seems to be in the urban shaping to include both the tangible, for example the street design, as well as the intangible aspects, such as the social integration of multi talents. The streets are becoming important tools as flow channels. Not just for traffic, but also for personal interactions and so called proximity dimensions, as described later in this book. In the Old Italian design of villages there was a special concept called Vincinato, an open small space outside the house for social interactions. Open space on a University campus area is today becoming such an area for the mindfulness of social and societal volunteers. Other types of such space are the coffee shop or knowledge café as described initially.

Networking activities are on a macro level social capital, and on another micro level neuro science. today this is also called relational capital. to manage these social and networking knowledge flows requires a special type of leadership, a kind of cultivator role. the focus of this society leadership should be on social dynamics and cultivation.

Today the City of Melbourne in Australia has such an Office of Knowledge Capital. Barcelona was perhaps the very first city in modern time to appoint a Chief Knowledge Officer already around late

1990's. The City of Manchester has also today a special organization for the intangibles called Manchester Knowledge Capital.

These networking activities can be showing the roads of connectivity among people. A new type of mapping is emerging, called Social Networking Analyses. With modern software tools there are special possibilities to visualize as well as simulate this Social Networking, with highlighting connections, roles and activities especially for Regional innovation (see www.valuenetworks.com).

So the recipe for the City as a Knowledge Tool is becoming a very important subject, especially in a quest for value delivery by its citizens. I wrote about this already in 2006 (see www.corporatelongitude.com). In simplified terms or the taxonomy of Intellectual Capital it is about refining the offer of structural capital to the human capital or citizens of both today and tomorrow.

Today we know more and more about the impact of urban design on the attractiveness as well as mental/brain health of citizens. This might be called Knowledge Policy development or Knowledge Politics. Especially it is about refining the recipe for the flow of relationships and knowledge ergonomics. Already in 2003 Dr. Debra Amidon launched the concept of special KIZ-knowledge Zones. KIZ is a geographic region, product/service/industry segment or community of practice in which knowledge flows from the point of origin to the point of need or opportunity (see www.inthekzone.com).

The research by Richard Florida and Charlotte Melander on Wealth of Places and birth of Mega places is highlighting the importance of the Creative Class. In one of the chapters in the book this is explained more in detail. They are characterized by the same pillars as Intellectual Capital, but instead of calling it Human capital, Relational Capital and Structural Capital, it is called Talent, Tolerance and Technology. In their research is highlighted a growing competition between some 100 key cities that attract the Talents or the Creative Class. These are attracted by among others such factors as esthetics, quality of schools, meeting spaces, low frictions, quality of life, security, and easy communications. The critical mass or the density of brains seems to be one of the interesting factors. Brains attract other brains. But more important than the individual, seems to be the structural context capital aspects for quality of life.

The magazine Monocle, in July-August issue 2009, ranks cities around the world based on a number of such quality elements for where to live and work. This is then summarized into The Most Liveable Cities Index. The top 10 list is this year:

- Zurich
- Copenhagen
- Tokyo
- Munich
- Helsinki
- Stockholm
- Vienna
- Paris
- Melbourne
- Berlin

These intangible dimensions of cities are either leveraged and multiplied by good urban design or hampered, with huge friction costs. The forthcoming Expo 2010 in Shanghai has even the focus of a City Life in Harmony. It is about quality of life factors, often very immaterial. The City of Helsingborg in Sweden is therefore now looking into how to shape a special Mind Zone. This Mind Zone is a specific

area of the City. The purpose of the Mind Zone is to support and cultivate the Urban Capital of the City. It will be characterized by among others offering both mind progression as well as mind retreat, a place for sustainable lifestyle which renews and reinvent itself over time. Mind Zone is both a way of thinking for Urban Design as well as a way of interacting in the City to enhance the Urban Capital. It might be the opposite of a traditional Shopping Center or Mall area and its transaction focus.

Tomorrow will challenge our thought patterns and over focus on savings and traditional economics. For the knowledge navigation into the Future we need to invest into intangibles such as relationships, social media, and knowledge flow and joy. The traditional focus on governance by cost accounting of tangibles has to replace by focus on renewal and organic flows. The future is not about knowledge as an object but knowing as a relationship. Politicians have to be more of Paradigm Pioneers, the Administration more of Welfare and Value developers and the Chairman as Chief Endorphin Officer. So the leadership is about understanding the weak or strong signals of social interactions and getting the social mandate of power for the knowledge navigation into the future – as social intercultural intelligence.

This is resulting in growing Intelligent Regions, Metropolitan Mega Cities or Collaborative Social Communities. They are characterized by among others Social Renewal based on Social innovations, Futurizing, Volunteers and Digital Collective Commons. Some traditional cases are Oxford, Boston Singapore as well as the State of Israel. More recent ones might be MMSC- Multimedia Super Corridor in Kuala Lumpur, Malaysia, as well as the Oresund Region between Denmark and Sweden. Such borderline zones or Twilight Zones are evidently cultivating platforms for the flow.

An interesting recent case to look into more is Shenzhen, in China, on the borderline to Hong Kong. This city was declared the very first SEZ- Special Economic Zone in China, in 1989 by Deng Xiaoping. At that time the city was more of a fishing village with some 40.000 citizens. In about only 30 years Shenzhen has evolved into a modern Knowledge Based City with some 12 million citizens. That is also where the Second World Knowledge City summit is taking place in November 2009 (see www.kcsummit2009.com).

However we can also see, not only an aging of citizens around the world, but also see how many of the old institutions of societies are eroding, like the hospitals, schools, harbors, customs etc. This structural capital becomes either museum of the past or critical leveraging instruments for the future. We evidently now need radical innovations to reinvent the public sector.

In Sweden the government has in 2008 allocated funds through its Knowledge Foundation to a special nine year program for exploring the research, education and piloting of societal entrepreneurship. It is an initiative aimed at improving that which is missing or not working in the social structure: new solutions that create a sustainable society – economically, socially and ecologically. Societal entrepreneurship exists when people take their own initiative to improve that which they believe is missing or not working in society. It may be a matter of skateboard ramps, regional development or Fairtrade-labelled clothing. In the same way that traditional entrepreneurs are necessary to renew business and industry, their cousins – societal entrepreneurs – are needed as volunteers to develop public-welfare services and societal functions (see www.kks.se).

A new book was also launched 2009 in Denmark, called Speed up the Citizens, implying the need for getting the volunteers to be involved as drivers in a bottom up process for social innovation impact. In Denmark there is now also a special task force on the subject. In UK Tony Blair was initiating such programs many years, among others a prototyping center called NESTA (see www.NESTA.org.uk). Today there are special labs for the Social Innovations. Recently, President Obama in the USA initiated

an Office for Social Innovation. Volunteers seem to be very dependent on networking, legitimacy and structural capital support. The drive and thrust is coming from within.

The tool for this renewal and transformation is sometimes referred to as Future Center, a lab concept and special environment for the organizational design of intangibles. I shaped the very first one in the world in 1996, as Skandia Future Center in Sweden. Today there are more than 30 such labs around the world, such as in Denmark the Mind Lab or COK, exploring the Future of Social Design, in the Netherlands the LEF by the Ministry of Transportation or Studio BliQ in the City Oss, in UK NESTA as the Innovation Imperative, as well as in Japan Fuji Xerox KDI Future Centers.

This book about KBD-Knowledge Based Development, which consists of 19 well-written chapters, is a further stimulating reading of multi perspectives of the new urban landscape. It addresses among others KBD as a language, quality of places, proximity dimensions, socio-spatial developments for prosperous cities, generic capital system and local communities as innovation bases. It highlights very interesting cases such as the cities of Manchester and Helsinki, as well as cases from Israel, Singapore and Malaysia.

This book is pointing to the many important elements of shaping of knowledge cities as the larger ecological and intangible structural capital, for our own future value creation as well as coming generations.

Happy future.

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Leif Edvinsson is a key pioneering contributor to both the theory and practice of Intellectual Capital. As the world's first director of IC in 1991 he initiated the creation of the world's first public corporate Intellectual Capital Annual Report 1994, and inspired the development ever since on IC metrics. He was parallel to that prototyping the Skandia Future Center as a Lab for Organisational design, one of the very first in the World in 1996, and inspired many to be followed. During 1996 he was recognised with awards from the American Productivity and Quality Centre, USA and Business Intelligence, UK. In January 1998, Leif received the prestigious Brain Trust "Brain of the Year" award, UK, for his pioneering work on IC. In 1999 noted as Most Admired Knowledge Award on Knowledge Leadership. He was also awarded The KEN Practitioner of the Year 2004, from Entovation International, where he also is an E 100. In 2006 also listed in a book by London Business Press, as one of The 50 Most influential Thinkers in the World. In March 1997, together with Michael S. Malone, he launched one of the very first books on Intellectual Capital.