Human Capital and Knowledge Management in the New Economy

Mario Raich, Ph.D.
Professor ESADE (Barcelona)
Visiting Professor HEC (Paris)
President, Raich Limited
Chairman Executive Board, NewExed
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The Objectives

• Share with you some insights of the research in the “New Economy”.

• Present some provoking thoughts about the “New Reality”

• Face you with some questions
Introduction

The “New Reality” is much about:
• changing the perspective,
• a different view,
• out-of-the-box,
• out of the habits,
• out of the rules,
• out of the routines, etc.
What is our world?

What is the emerging context?
Industrial = old, classic Economy

We know all about the history!

Command and control
Focus on existing business

New Economy

Focus on opportunities
turbulence uncertainty

Knowledge = future Economy

We don’t know much about the future.
Did you know?

- There are 2.1 billion static web pages and
- There are 610 billion e-mails per year
- We have 1-2 Exabytes of information per year = 250 Megabytes pro person
  1 Exabyte = $10^{18}$ bytes
- Printed documents = 0.003%
Did you know?

We have worldwide:

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<tr>
<th></th>
<th>Titles</th>
<th>Terabytes</th>
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<tbody>
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Creativity
Dreams of new new things.
Nothing seems impossible.

Knowledge
- Information Technology
- Knowledge Technology
- Virtual production/Internet

Mind
- Work
- Social Acceptance
- Meaning

Soil
- Hunting
- Agriculture
- Handicraft Technology

Spirit

Capital
- Factories
- Mass Production
- Production Technology

Art

Organic

Raw materials

Intuitions and utopias
Too many unknown things.
<table>
<thead>
<tr>
<th>Maslow</th>
<th>Raw material</th>
<th>Technology</th>
<th>Work and organization</th>
<th>Output</th>
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<td>- Hunting</td>
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<td>- fabrics</td>
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<td>- Moise organization</td>
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<td>brainwork</td>
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<td>entrepreneurship</td>
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<td>mgmt</td>
<td>direct participation</td>
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<td></td>
<td></td>
<td>creation</td>
<td>Cybercorps</td>
<td>-</td>
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</table>

**Social Needs**
- Affection
- Belongingness

**Esteem Needs**
- Recognition
- Reputation

**Self actualization**

**Physiological Needs**

**Safety/Order Needs**

**Maslow Hierarchy**
Purpose
Sense of life
Value creation

Achievement
love
• be able to achieve things

Ownership
greed and responsibility
• own things
• being responsible for something

Power
influence
• be able to do things

Feasibility
• be able to do
• know-how

Routines and networks
• have connections

Employability
• find a job

Professional career
• knowledge
• have a future
Incubators: driven by VCs, large consulting firms and large corporations

Capital
- Growing availability

Turning capital into human capital

People
- Scarcity of talent
- Scarcity of experience

Virtual Platforms: for suppliers, for distribution and for Knowledge Management
New rules are driving the development of the “New Economy”

- Speed
- Start from scratch
- New business models.
- Lots of technology
- Lots of information
- Low entry barriers.
- The competition is ferocious
Old/Classic Economy

Dot. companies
- AOL & Time Warner
- Charles Schwab

M&A dot coms
+ old companies

Bio-Tech

Do.t coms
- yahoo.com
- eBay.com
- amazon.com
Classic vs. New Economy

- Speed of recruitment
- New business models
- New business and management practices
- Command and control vs. Entrepreneurship
- Employment vs. direct participation
- Having and being vs. becoming
Classic vs. New Economy

- Legacy vs. speed of development
- Structure and organization vs. Culture
- Ownership vs. core
- Tenure and age vs. performance and value creation
- Production technology vs. IT
- Work as duty vs. fun and excitement
People will be more valued for their creativity, thinking skills, relationship management, their networking skills and capabilities; which means that the third millennium could well be a women’s millennium.
Male Population

Female Population

Working

Today
Tomorrow

Male Population

Female Population

Working
Teaching ⟷ Repeating ⟷ It’s up to you!
I don’t really care

Learning ⟷ Understanding ⟷ Applying

E-learning

HC and KM
E-learning

- The education market is $2.1 Trillion (W.R. Hambrecht & Co.)
- On-line learning will be $22 Billion in 2003 (Gartner Group)
- >33% of US higher education institutions offer on-line courses
According to PWC

70% of the 1000 top-tier companies cite lack of trained employees as number one barrier to sustaining growth.
Do we need intuition?
Many managers haven’t changed enough. They remain addicted to treating people as if they were still children, instead of treating them as adults capable to work on their own and to take on responsibilities.
External emerging context

Internal emerging context

• Purpose

• Key Stakeholder
  Requirements
  Expectations
  Needs
  Wishes and dreams
  Stakeholder Knowledge: for the value creation and the STOPs

• Values Created

• Organization

• Society

• Key Stakeholder

Culture, LEM, Change and Transformation, Knowledge,
Strategic Framework

- Purpose
- Stakeholder
- Corporate Objectives
- Business Model
- Value Creation
- Organization, Structure and Culture
- Corporate Core Competencies
- Transparent Progress Reporting
<table>
<thead>
<tr>
<th>Key stakeholder</th>
<th>Needs and expectations of the key stakeholder</th>
<th>Values expected by the key stakeholder</th>
<th>Corporate objectives</th>
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</thead>
<tbody>
<tr>
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<td>Employees</td>
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<td>Strategic partners</td>
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<td>Suppliers</td>
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<td>Other</td>
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</table>
New Corporate Culture

- Becoming
- Entrepreneurship
- Direct participation
“Working smarter not harder!”