

# Unleash the potential of intangible assets through Intellectual Capital Management



We all know that the knowledge in a company, its employees, and client or supplier relationships can create wealth. But do we know the best way to set about achieving it?

Through Intellectual Capital Management (ICM), small to medium enterprises (SMEs) get a set of simple management tools to tap into knowledge and expertise that they already possess but not fully utilizing. This ICM Consultancy Programme is offered by the Intellectual Property Department for free.

The consultancy service includes free on-site sessions on how to identify the enterprise's strengths and weaknesses in the use of knowledge, creating value for its stakeholders, and safeguarding a company's intellectual property.

Many clients of the service have prepared an Intellectual Capital Report, which increases transparency and demonstrates a company's development potential to its stakeholders.

Over 320 organizations joined the first phase of the ICM Consultancy Programme in 2009, of which 14 have published intellectual capital reports. These companies were presented with the "Excellence in Intellectual Capital Management" award.

The award presentation ceremony also marked the launch of Phase II of the ICM Consultancy Programme, during which Chairman of Lan Kwai Fong Holdings Limited Dr Allen Zeman represented the company to be the first participant of the Phase II programme.

Gregory So Kam-leung, Under Secretary for Commerce and Economic Development, also announced the participation of five Hong Kong banks in the programme: the Bank of China (Hong Kong) Limited, Chong Hing Bank Limited, Citi Commercial Bank, Hang Seng Bank Limited and the Bank of East Asia Limited.

They will offer more favorable financial and/or service privileges to successful business loan applicants who have prepared their own intellectual capital reports. That creates a win-win situation, as these reports provide important non-financial data that helps financial institutions identify good customers. This means that an IC Report can boost an SMEs' competitiveness when seeking finance.

During the experience sharing session, Linda Wong, Executive Director of the Association Concerning Sexual Violence Against Women, said she was grateful that the programme helped them analyze resources not fully utilized such as their professional network. It assured their strength as a specialized service-provider, drawing awareness on their developmental and funding limitations, and systematically quantifying qualitative aspects like staff job satisfaction and client feedback.

"It is a simple and effective tool to identify intangible assets. We non-profit organizations normally cannot afford consultancy services but we are glad that this is provided free of charge," she said.



Her views were echoed by President of Kwong Wing Cargo Service Ltd, Paul Li: "The programme is analogous to a health check-up. It gave us new perspectives of the company from an intangible asset point of view. It drew our attention to the stakeholders which we had never thought of and things which we are already doing successfully but had never noticed."

He said that the biggest improvement was the setting up of an "Event Book" that improved communication and knowledge sharing between different business units. They even submitted the IC report with their tender bids. All staff was involved in the process and the whole company benefitted as a result.

For enquiries and application, please contact IPD:

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Website: [www.ipd.gov.hk/eng/icm.htm](http://www.ipd.gov.hk/eng/icm.htm)

## Winner List of "Excellence in Intellectual Capital Management"

- Accredited Certification International Limited
- Association Concerning Sexual Violence Against Women
- China Global Lines Limited
- Hugogate Limited
- International Service Access Ltd.
- Kwong Fai Metal Products Limited
- Kwong Wing Cargo Service Ltd
- Lapwing Design Limited
- Leo Paper Group (Hong Kong) Ltd
- Luv Inc.
- New City Computer System Consultants
- On Hong Paper Company Limited
- Schmidt Electronics Group Limited
- The Hong Kong Institute of High Performance Computing

## Words from winners of the Excellence in Intellectual Capital Management Award

### Accredited Certification International Limited

"Thanks to the consultants who assisted us by giving insights and meticulously detailed replies, we decided to put theory into practice by doing the report after two consultancy sessions. It was like doing homework. It deepened our understanding of ICM, which is important to the industry as we are knowledge and skill based and rely heavily on human resources," said Business Director (Asia Pacific), Kit Yung.



### Hugogate Limited

"We benefitted a lot from the consultation process. Before we did the IC report, we didn't know we had so much intellectual capital such as trademarks and networks," said Joe Chan, General Manager of the smart home appliance innovator.



"Through participating in the program, we are able to organize our intellectual capital and make it concrete and systematic for quantitative measurement. The program also gave us a clearer idea of how to proceed with our company goals: our next five-year goal is to make our company a Hong Kong brand that is worth its value."

### China Global Lines Limited

"We used to take for granted our relationship with suppliers and clients. Now we proactively develop relationships with clear goals, not just hanging out with them for dim sum. We are aware that we are doing part of intellectual capital management which can build a solid foundation. Our staff are another overlooked aspect. We realized the value of our human resources and develop better relationships with them," said Managing Director Byron Lee.



### International Service Access Ltd.

General Manager Anders Wong said, "We provide services like 'mysterious shopper programs'. Intellectual capital is important to SMEs in the service sector like us who have no factories or products as collateral when looking for bank loans.



"Apart from evaluating our company and identifying stakeholders, ICM helped us consolidate our knowledge, which is our strength, and minimize risks, such as: if one of our ten employees leaves the company our operations may come to a halt. By implementing a system to retain knowledge, other staff can immediately pick up the task or maintain the relationship with our stakeholders."

## Comments from participating banks

### Bank of China

Marco Wong, Deputy General Manager, Corporate Banking and Financial Institutions of Bank of China (Hong Kong) said, "BOCHK is committed to corporate social responsibility and supports to the sustainable development of local SMEs. The program is a joint force among HKSAR government, banks and all other business partners. We believe the concerted efforts of the relevant parties will definitely enhance the competitive edge of participating enterprises and contribute to the long term development of the local economy."

### Citibank

Anson Kwok, Managing Director, Head of Commercial Bank, Hong Kong: "We think this program is very meaningful in a way that it helps SMEs realize their operating strength and weakness in a systematic way. Through going through this self evaluation process, SMEs will take the time to really look into its business from a more objective perspective, which helps strengthen their daily operating efficiency and propel their future business development."

### Hang Seng Bank

Thomas Tsui, AGM, Head of Business Banking, Business Banking Division: "To enterprises, intellectual capital is a significant asset that can help maximize its business potential. As a bank, we look for the potential business growth in the report, particularly information that cannot be reflected by a financial report. Therefore, enterprises should identify their particular intellectual property and intellectual capital in the report, which can support their business growth."