

European Commission IST project 2000-29665



The measurement and reporting of intangibles

# PRISM Project Overview 2001/2003



Professor Clive Holtham,  
Lead Partner: Cass Business School, City  
of London;

June 2003



## The measurement and reporting of intangibles

### PRISM Project Overview 2001/2003

Professor Clive Holtham, Cass Business School, City of London; June 2003

#### 1. Summary

In essence PRISM has been a dissemination project with embedded research in relation to the measurement and reporting of intangibles. Its focus was commercial and public policy exploitation. Within this context and priorities, the initiative set out to address three global objectives:

- To materially advance the knowledge frontier regarding the economics and measurement of intangibles.
- To propose specific policy recommendations in response to the urgent need to accelerate the diffusion and take up of methods and practices to foster the growth of a competitive, world class European economy.
- To provide an infrastructure for disseminating the results of this and other global research of direct relevance.

These objectives have been achieved through co-ordination of a focused cluster of leading-edge research projects supported by original case studies, and dissemination of results to interest groups Europe-wide. The public side of the project web site has proved to be a significant resource for the European intangibles community, as well as the internal side acting as the main information infrastructure for management and communication within the project:

**[www.euintangibles.net](http://www.euintangibles.net)**

In addition to the teamwork based in individual partners, there has been a very high level of personal input and collaborative work by large numbers from the PRISM community at its conferences and workshops:

- First plenary conference, Ferrara, 19-20 November 2001.
- Second plenary conference, Barcelona, 4-5 March 2002.
- First thematic workshop, Copenhagen, 27 May 2002 (focused on the Theory of the Firm).
- Second thematic workshop, Ferrara, 17 June 2002 (focused on measurement).
- Third plenary conference, Copenhagen, 19-20 Sept 2002.
- Third thematic workshop, London, 3 December 2002 (focused on Intellectual Property Rights), hosted by McDermott Will & Emery.
- Fourth thematic workshop, London 6 February 2003 (focused on the Future of Corporate Reporting), hosted by PwC.

## **2. Project Objectives**

The original objectives relating to the work package deliverables are summarised below. It will be seen from the project outputs that all five objectives have been achieved.

- To create a coherent pan-European community of practice out of the fragmented academic and other interest groups currently working on issues relating to the intangible economy
- To conduct a co-ordinated programme of inter-disciplinary research and case study that will explore areas of critical concern for the interest groups. The research will involve eight leading European business schools and research institutes
- To organise and manage an inter-disciplinary professional forum to help focus research and for disseminating the results of this and other relevant research initiatives
- To organise and manage a dissemination and exploitation programme to drive the key messages home to a wider audience of European decision makers and influencers
- To establish and maintain a reliable, scaleable and responsive electronic infrastructure for both internal co-ordination and external dissemination.

## **3. Project Name**

The initial name of the project was RESCUE, which remains its formal title, but during 2001 the more precise brand of PRISM (Policy Making, Reporting and Measuring, Intangibles, Skills Development and Management) was developed.

## **4. Overall publications**

The Final Report of the project will be submitted to the EC in September 2003. There are five overall publications:

### **1. PRISM Project Overview 2001/2003**

Clive Holtham, Cass Business School, City of London

This document – a short review of the project as a whole.

### **2. Report of Research Findings and Policy Recommendations**

Clark Eustace, Mantos Consulting

This major report draws on the main research findings of the project and makes recommendations for policy action. The draft is available July 2003, and it will be finalized by the end of the project in September 2003.

### **3. Understanding value creation from intangibles: key messages from a portfolio of new case studies**

Nigel Courtney, Courtney Consulting and Clive Holtham Cass Business School, City of London

A short document summarising and synthesizing the portfolio of 15 teaching case studies all of which are available from the PRISM website and from the European Case Clearing House.

#### **4. Collaborative working for broad-based dissemination of the PRISM project through metaphor**

Nigel Courtney, Courtney Consulting

A short document exemplifying the nature of inter-disciplinary and international working during the project, and the evolution of an accessible model for communicating the central issues about intangibles to the business community.

#### **5. PRISM Project Resource CD**

The major conference of the Project is being held on 4<sup>th</sup> July 2003 in London. PRISM partners have generated over 100 papers during the course of the project. A full list of these papers has been made available in an appendix to the Report of Research Findings. The Project Resource CD is being made available at this conference and includes previews of overall reports B, C, D and E, all the research and case study outputs of the project, and hyperlinks to the PRISM website for online access to the library collection and other live resources.

### **5. Research Partners**

#### **Policy implications of the intangible economy**

Patrizio Bianchi, Dean of Economics at the University of Ferrara.

#### **Measurement of intangibles in macroeconomic statistics.**

Peter Hill, formerly Professor of Economics, University of East Anglia and Head of Economic Statistics and National Accounts, OECD.

#### **New business indicators and value models.**

Jan Mouritsen, Professor of Management Control at Copenhagen Business School,.

#### **Accounting, financial analysis and audit.**

Patrizio Bianchi, Dean of Economics at the University of Ferrara.

#### **Banking and venture capital metrics.**

Frede Mørck, Visiting Fellow at Copenhagen Business School and a senior executive with venture capitalist, Dansk Kapitalanlaeg Aktieselskab.

#### **E-Government**

Edward Truch, Director of the Knowledge Management Forum at Henley Management College

## **6. Case study Partners**

Five schools collaborated each to produce three case studies on a particular theme:

### **Skills and Competencies**

Cass Business School, City of London

### **Knowledge Management**

IESE, University of Navarra, Barcelona

### **Tangible/Intangible Dynamic**

Royal Institute of Technology, Stockholm

### **Entrepreneurship**

TSM Business School, Enschede

### **XML**

University College, Cork

## **7. Advisory Council**

The PRISM infrastructure also acted as a clearing house for the various interest groups - primarily companies, financial institutions and investors, lawyers and professional accountants, regulators and policy analysts. The research content has been guided by an independent Advisory Council, consisting of senior figures from these interest groups whose role has been to provide a commercially-oriented policy focus. This group played an important part in ensuring that the focus of the academic research was aligned with issues of commercial interest and that the outcome progressed towards normative deliverables with practical commercial or policy application.

## **8. Project Management Board (PMB)**

It was recognised at the outset that effective co-ordination and inter-disciplinary working between the research, case study and dissemination teams would be essential, and significant planning and management effort was budgeted in order to achieve this objective.

The PMB acted on behalf of the Principal Contractors. Nineteen regular meetings took place to ensure the smooth running of the project as a whole. The permanent members of this board were:

Lead Partner:	City University (Clive Holtham)
Research Projects:	Mantos Consulting Ltd (Clark Eustace)
Project Management:	IntangAbility Ltd (Tim Hoad).

Specific inputs were also regularly made by:

Case Study Manager:	Courtney Consulting (Nigel Courtney)
Dissemination Manager:	Perle Consulting (Richard Youngman)

## **9. Dissemination: Project website**

The project website at <http://www.EUintangibles.net> presents a community resource that addresses the EU's key project objective *'to provide an infrastructure for disseminating the results of this and other global research of direct relevance'*

It was launched at the start of the 2-year project as an electronic infrastructure for internal communications and inter-workpackage collaboration. It has been designed and managed by Text Matters Ltd. This virtual workspace enables our widely dispersed research community of some 150 project participants to share and comment on each other's work-in-progress and to have ready access to administrative information, records of proceedings and project tools. Regular newsletters alert participants to new materials of interest.

Approved work is transferred to the publicly accessible area of the website which also features a reference library of selected work and knowledge on intangibles. This public website provides news and information about the project and its objectives and invites visitors to discuss and contribute to our goals.

The website receives about 2,000 hits each day. A typical day sees about 100 new unique visitors connecting from some 20 countries. More than a gigabyte of information is being downloaded every month. Increasingly, visitors are offering their learned papers for the Prism public online library of selected work on intangibles.

A typical week in 2003 saw visitors from France, Italy, Poland, Czech Republic, Canada, Netherlands, Seychelles, Germany, Australia, Greece, Spain, Singapore, Saudi Arabia, Turkey, Russian Federation, Belgium, UK, US and specific requests for information from people in Japan and Poland.

By the summer of 2003 there are some 1500 referrals per month via crosslinks from other websites - most notably: Summit TMI (Milan), KnowledgeBoard and the EU's main Cordis website.

## **10. Dissemination: Other Media**

Our other dissemination activities have played an important role. They have been helped by the ongoing research activities. The University of Ferrara are in discussions with a publisher about the possibility of publishing their PRISM output in a book.

PRISM's 2003 European Intangibles Summit is entitled "Accountability, Competitiveness and Productivity: Understanding and communicating the value of intangibles in 21st Century organizations" and is being held at the Cass Business School, London, on Friday July 4th 2003.

The event is designed to be inclusive. Therefore, the speaker cast is drawn as much from outside the PRISM partners as it is from inside, thereby assisting in the build-up and consolidation of a "community of practice". PRISM partners will be joined by speakers who will include leading international thinkers in this field such as Lars Kolind, Goran Roos, and Jonathan Low, alongside high-level representation from organizations such as BP, Barclays, Hermes Asset Management, IASB, OECD, and PwC.

The project partners have been encouraged to seek publication of their PRISM and intangibles-related work in journals and magazines, both of an academic and non-academic nature.

PRISM members have participated in more than 60 third-party events, ranging from the specialised to the generalized, from the large-scale conferences to the more intimate and interactive. In addition, many other approaches have been made, all of which have served to increase the awareness of not only the project's work but also, and more importantly, the intangibles-related issues faced in today's economy.

Good progress has been made in publicising not only specific pieces of work, but also exposing PRISM and Intangibles at large.

Additional effort has been targeted at meeting with "points of influence" for our target audiences. To this end, we would mention meetings held with the *Economist*, the *Financial Times* and McKinsey & Co.

## **11. Concertation**

Links have been built and maintained where appropriate, including a significant presence at the relevant cluster meeting of related projects. Such links include E\*Know-Net, the Knowledge Board, Neskey, DIECOFIS and SEAMATE. Particular importance has been placed on ensuring that work was not duplicated with the E\*Know-Net project, not least through the intermediation of Jan Mouritsen who is an active participant in both projects, and by explicit meetings with E\*Know-Net.

## **12. The Future**

PRISM represents neither the end nor the beginning of efforts to address intangibles-related problems. It has succeeded in building a stronger research community than existed 2 years ago and has built a strong online resource in the shape of its website. It has also been most successful in stretching and stimulating the debate across a wider cross-section of economic actors, thereby focusing more minds and brainpower on addressing the key questions.

At this point, we make the following observations:

There is strong interest and following amidst the academic community in this field, not only from organisations active in EU research. More needs to be done to catalyse the increasing number of European higher education institutions with active departments and PhD programmes built around intangibles.

There is seemingly least interest among the corporate executives of the largest companies. This "resistance" is connected, we think, to the immaturity of the solutions and to the lack of incentives to change. The latter is increased by a parallel low level of pressure from the investment community. Hermes is unusual in its advocacy of better corporate reporting.