Measuring the Strategic Readiness of Intangible Assets

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Product 5887
Measuring the Strategic Readiness of Intangible Assets

The Idea in Brief
You’ve formulated a sound strategy—but can you execute it? To answer that, measure the strategic readiness of your intangible assets: how well your employees’ skills, your information and technical systems, and your leadership and organizational culture align with your strategy.

But how do you measure this alignment? Using Balanced Scorecard assessment tools, determine how strongly your intangible assets enhance the processes—creating, producing, and delivering valuable offerings to customers—that generate the revenue needed to meet your long-term financial goals.

When you measure your intangible assets’ alignment with your strategy, you more easily see ways to improve each asset’s alignment. For example:

- Strengthen skills of employees in the most strategically critical jobs—rather than all employees.
- Put the right technical systems in place (customer databases, knowledge management systems) to execute your strategy.
- Cultivate exceptional leaders and a cohesive workforce committed to sharing knowledge and achieving strategic goals.

By assessing and then enhancing the alignment of your company’s human, information, and organizational capital, you unleash those intangible assets’ full power.

The Idea in Practice
To measure your intangible assets’ strategic readiness, determine what human, information, and organizational capital your company needs to perform the internal processes most critical to your strategy. Then assess your current capabilities in all three areas. Finally, identify and address gaps.

HUMAN CAPITAL
Certain jobs have a particularly significant impact on your organization’s ability to perform the processes most critical to your strategy. These strategic job families often employ less than 10% of a company’s workforce. Identify the strategic job families in your company, then list the knowledge and skills employees in those job families require. Watch for gaps between employees’ required and current capabilities.

Example: Consumer Bank shifted its strategy from promoting individual products to offering customers one-stop financial-solutions shopping. For its critical internal process “cross-sell the product line,” financial planning was the most crucial job—which required solution selling, relationship management, and other fundamental skills. The bank estimated it needed 100 skilled financial planners for effective cross-selling. But assessments revealed only 40 proficient planners. The bank knew where to invest to improve its human capital’s strategic readiness.

INFORMATION CAPITAL
To gauge how well your information capital (IC) supports your organization’s strategy, identify the IT systems needed to support each critical internal process. These may include infrastructure (central servers, communication networks), software applications, and managerial expertise (standards, disaster planning, security).

Determine whether needed systems:
- are available and operating normally
- have been identified and funded but aren’t installed or operational
- have been identified but not funded

To get the fullest picture of your IC readiness, combine these qualitative assessments with quantitative ones—such as user-satisfaction surveys and analyses of IT operations and maintenance costs.

ORGANIZATIONAL CAPITAL
To measure your organizational capital’s (OC) readiness, ask these questions:

- Culture: Which corporate-wide and unit-specific behaviors and attitudes (for example, commitment to customer satisfaction, respect, innovativeness) does executing your strategy require?
- Leadership: What competencies (ability to inculcate specific values or encourage teamwork and accountability) do your firm’s leaders need to implement strategy?
- Alignment: What communications (town meetings, training programs) and incentives (rewards for meeting personal and corporate targets) would help employees understand the strategy and their roles in supporting it?
- Teamwork and knowledge sharing: What must you do to encourage employees to share their ideas and knowledge with others? What formal knowledge management systems would help?