

## Intangible assets and the workplace

Research shows that over the last 30 years there has been a dramatic shift in most industry sectors in the drivers of corporate value. From a position in the 1970's and 80's where tangible assets drove a company's value, today most experts believe that intangible assets account for approximately 70% of that value.

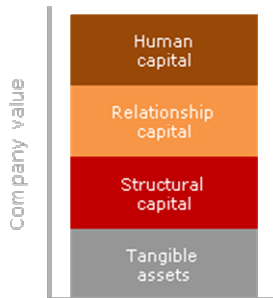
Intangible assets are usually defined as Human Capital, Relationship Capital and Brand Capital. Since they are intangible they can be difficult to measure and to systematically build. Nonetheless, the development of intangibles is an increasing focus in boardrooms around the world.

### The Strategy Link

It is reasonable to believe that the workplace, where employees carry out their daily work, can have an impact on things like job satisfaction, motivation, productivity as well as a firm's ability to attract and retain talent. It is logical therefore to believe that the workplace plays an important role in developing Human Capital.

The development of Relationship Capital can also be helped or hindered by workplace design and working protocols and most understand that a workplace can help support and reinforce brand image and company culture. Clearly workplace strategy should therefore be an attractive arena for company strategists looking to develop their intangible asset base. This seminar explains the theory of intangible assets and their links to company value and explores the impact of the workplace on their development.

### What are Intangible Assets?



Definitions vary since the study of intangibles is still developing but broadly three asset classes are recognised:

#### Human Capital

Value driven by the accumulated skills and experience of company employees

#### Relationship Capital

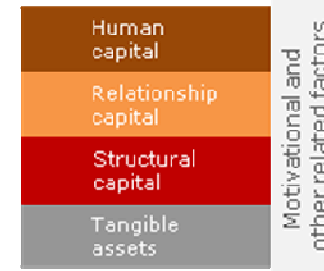
Value tied up in positive relationships with employees, suppliers, partners and customers

#### Structural Capital

Value realised from unique organisational

structure, processes and tools. Brand value is usually placed in this asset class

### Employee psychology



Impacts on employee psychology have a key role to play. Research shows that Human and Relationship Capital are dynamics significantly impacted by an employee's feelings of satisfaction, motivation and self worth.

### How the workplace impact Human Capital

Significant changes in the workplace can clearly have a major impact on morale and motivation, both positive and negative.

A well thought through and executed office refurbishment is highly likely to positively impact employee satisfaction and the firm's ability to attract and retain talent, both key drivers of Human Capital development. Conversely, flexible working practices, if not introduced and supported optimally, have potential to negatively impact productivity and will impact company culture too.

Given the potential impact it would seem important that HR strategies and Real Estate strategies are more highly linked and that measurement tools are in place to help understand how workplace changes impact the human dynamics of the business. However, our research suggests that this is not always the case.

### Relationship Capital in the workplace

For many firms the cross-selling of products and services to existing customers is a key business driver. For this strategy to be successful, internal relationships and the exchange of information and ideas needs to be working optimally. The challenges of avoiding 'silos' and encouraging interdisciplinary working are complex, however. Our research suggests that the workplace can play a valuable role.

