



netstrategen

DRAFT: Intellectual Capital Report

Netstrategen ApS – 2004

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Management Report

Our first IC-report.

Indicators works as a zero-set for future reports.

Motivation for establishing the IC report and process:

- The IC report as a tool to work with three main management challenges regarding sales management, knowledge management internally and towards clients and administration
- To become a good example for customers and competitors
- participating in the DI-project

The functioning of the report:

- To set focus on Netstrategen's primarily assets – knowledge and people
- To supplement the annual report – the financial assets

Primary target group: existing and potential clients, companies that cooperate with, existing and potential employees. Secondary group is external counselors.

Management challenges

Netstrategen is in an ongoing development process. At this moment it's characterised by:

- ♦ standardising concepts, consulting method, and sale routines
- ♦ growth in numbers of employees
- ♦ growth in project size, economy and complexity

- ♦ stronger focus in identified business areas
- ♦ specialising internal roles and functions

In this process of consolidation we have been very aware of the culture core values and working climate. However this kind of topics is being given less strategic attention in this IC-report. Therefore our focus is primarily market related; costumers, projects and sale.

In the process on bringing this draft forward we have been short listing a number of management challenges to Netstrategen's ongoing development process, the challenge's degree of business critically and complexity regarding solve the challenge.

The outcome of the evaluation was a shot-list of three major issues:

- Sale management
 1. Improving structured market activities to optimise sale pipeline
- Knowledge management
 1. Sharing knowledge about methods and results between employees, costumers and projects to strengthen the project integration and recycle concepts, project knowledge and competencies
- Administration
 1. Documenting project economy to improve project profitability

The Company

Netstrategen operates as a vendor-independent consultant firm with core competencies within e-business, e-learning and e-government.

From the establishment in 1999 our focus has been on the strategic and organizational perspectives in it.

Timeline

- | | |
|------|--|
| 1999 | <p>The market for internet consulting grows which leads to establishing of NetStrategen I/S
Cooperative strategy – operating primarily as a subcontractor to web- and media agencies
Business focus on dot.com fundraising and web strategy
Clients is primarily private companies</p> |
| 2000 | <p>The market for internet consulting seems to professionalize, and public institutions begins to adopt web concept from the private sector.
Cooperative strategy - opening the e-governmental market through web- and communication agencies
Clients is primarily private companies, however relations to institutions leads to concrete projects</p> |
| 2001 | <p>The market of internet consulting decline which leads to a focus on core competencies and sectors.
Focus strategy - focusing on traditional business consulting practices and establishing of own client relations
Clients is both private companies and institutions</p> |
| 2002 | <p>The market for business consulting seems to stabilize
Consolidation strategy - standardization and professionalizing products and processes
Netstrategen changes the owner structure to ApS</p> |
| 2003 | <p>Consolidation continues
Within defined business areas Netstrategen recruit senior consultants from the industry</p> |

Netstrategen offers today expertise within the following areas:

- Strategy- and business development
- Market- and organizational analysis
- Project management
- E-learning
- Strategic usability

Vision and goals

Netstrategen's overall vision is to become a leading Danish consultancy company. To reach that vision Netstrategen has to be known by potential clients as one of the leading consultancy companies in Denmark and as a credible alternative to the dominating players.

The fundamental way of becoming a credible consultancy company is to develop and profile the Netstrategen as:

1. A company that contains specialists that you can't find anywhere else in Denmark
2. A company that combine a solid theoretical foundation with respect for the pragmatically view. By doing that the client will experience a practical and usable service.
3. A company that believes in the value of tailor made client solutions, high degree of professionalism and an informal attitude.

Internally Netstrategens is focusing on creating

- a stable and positive economic development and organic growth strategy
- a organizational culture that is characterized by informal interaction, democratic decision making and learning

The organic strategy is the result of the nature of the firm:

- Self-financed growth through projects (no venture capital involvement)
- Few shareholders (the three founders, all has a background from the industry)
- Democratic decision making and informal group culture (founders and employees)
- Recruiting senior consultants via personal networks (industry and consultant companies)
- Client projects received and solved via flexible networks of subcontractors

Business goals for 2004

- Attention to three overall business areas;
 - HRD/e-learning (hereunder analysis, strategy and implementation)
 - E-business (hereunder analysis, strategy and implementation)
 - E-government (hereunder analysis and portals)
- The awareness among potential clients within the three core business areas should be increased through network participation, marketing through client network, promoting successful cases
- Netstrategen should be an active participant in the leading business networks with the three core business areas

Clients

Primarily working with clients within the private and educational sector.

Increased share of governmental and semi governmental clients

Branches

Finance, real estate

Governmental and municipalities

Education

Customer examples

Case examples

Client profile

Client satisfaction

Client involvement

RELATIONAL CAPITAL			
Focus areas	Management challenges	Activities	Measuring methods

Market position	To reduce turnover by client group	Analyze statistic data	Turnover in % by groups
	To improve image in market	Customer survey	Survey: Outside knowledge of the company and its products
	To maintain strong client loyalty	Analyze statistic data	Clients classified by duration/ no of years of maintaining relations
	To increase the number of new clients	Analyze statistic data	% of income generated by new clients
Image	To maintain a high level of client satisfaction To improve certain company image in the market	Develop and activate client-survey	Survey: % of satisfied clients % returning clients % clients who would recommend the company to others
	To strengthen the company image of a trustworthy and market leading company	Develop and activate client-survey	Survey: Level of perceived honesty
	To strengthen the company image of a innovative company	Develop and activate client-survey	Survey: Perceived level of innovativeness
Visibility by expertise	To create a market leadership / expert areas in two - three different areas	Management report	Narrative – the employees as specialists and experts – (teaching jobs/lectures by employees)
Quality	To constantly improve the quality of products and services	Project evaluation	Survey: The quality of products and services

Employees

Number

Employee profiles

Educational profile

Employee Satisfaction

Training and education

HUMAN CAPITAL			
Focus areas	Management challenges	Activities	Measuring methods
Employees	To increase average no of employees to support business growth	Recruitment processes	Number of employees at the end of the year / no of employees on annual payroll
	To reduce staff turnover to retain knowledge base	Develop HR-policies	Rookie rate = New/Av. number of employees
	To widen age distribution to strength the synergies of having both junior and senior groups	Recruitment processes	Average age / Av no employees Average no of years in service/ Av. No of employees

Education	To extent the broadness of types of represented formal education among employees	Recruitment processes	Number of employees with degree: University PhD No. of employees within different educational areas: Economics Organization Communication ICT
Competency development/ in Service training	To enhance knowledge by formal training on courses or conferences	Employees participation in competence giving courses	Total training costs Total competency costs/ total payroll % of working hours (days) registered as training or knowledge seeking
Skills and competencies	To develop the employees innovativeness in order to strengthen the development of unique products	Educate and inspire employees in how to improve personal and group innovation processes through internal and external workshops	Empowerment from employee survey Personal development dialogue
	To develop employees competence to focus on quality assurance	Develop quality assurance routines and educate employees	Personal development dialogue
Encouraging environment	To encourage pioneering and innovation spirit among employees	Communicating and discussing corporate values and strategies	Employee survey Qualitative dialogue through internal workshops Personal development dialogue
Executive competency	To strengthen the ongoing internal dialogue about strategic direction, goals and actions	Facilitate an open and involving strategy process	Number of internal strategy workshops Participation percentage
Working conditions	To maintain flexible and transparent working conditions	Develop HR-policies	Usage of flexible working hours Usage of home work place Employee survey
	To maintain good physical working conditions	Develop the physical environment – decoration and furniture's	No of employees satisfied with aesthetical and physical conditions (employee survey)
	To motivate employees in chosen strategic goals through contracts and agreements	Quarterly personal development dialogue	Usage of bonus systems

STRUCTURAL CAPITAL			
Focus areas	Management challenges	Activities	Measuring methods
Information-system	To maintain a external perception that the company websites is updated and relevant without spending too much resources	Producing relevant guiding lines about website	Survey: User perception on the degree of actuality and relevance
	To standardize the use of the internal it-systems (CRM, TimeOut) in order to have an updated and correct information platform	Introduction courses to it-systems	Number of finalized introduction courses Survey: User perception on the use and relevance of the particular it-system
	To optimize the output of the internal it-systems (CRM, TimeOut) in order to have an updated, correct and transparence management information platform	Structuration of the existing use of management information	Survey: Management/accountant perception on the benefits of the total management information platform
Quality management	To improve a high quality in management consultant projects	Project-related and internal evaluation meetings Optimize evaluation methods (scorecards)	The existence of evaluation methods Total numbers of evaluation meetings/total numbers of projects
Innovativeness	To maintain the strengths of innovative behaviour among all employees in a small company	Internal idea-generating meetings and seminars Participating in external networks and projects	Numbers of internal idea-generating meetings and seminars per month

Theme 1: Sales management

Focus areas 2004-05	Management challenges	Goals 2004-05	Activities	Expected effects	Measuring methods
Sales management	To improve individual sales efforts through coordinated activities	Increased number of valuable leads	External sales training among relevant employees	Increase the individual sales competency	Number of finalized courses
		IT-supported sales routines	Implement CRM-system	CRM-system perceived as natural tool in daily business among employees	Questionnaire Number of trained employees
		Increase the number of internal sales promoting activities	Coordinated canvas activities Knowledge sharing meetings	Motivate group of employees Change sales behavior	Number of monthly meetings and canvas activities

Theme 2: Knowledge management

Focus areas 2004-05	Management challenges	Goals 2004-05	Activities	Expected effects	Measuring methods
Knowledge management	To strengthen the knowledge sharing about methods and results between employees to strengthen recycle concepts and competencies	To increase the number of concepts recycle	Evaluate every finalized project to estimate the resale potential Internal project evaluation meetings	Reduce learning costs Improve project economy Shape concepts and company image	Number of evaluations/total number of finalized projects Numbers of recycles/total numbers of projects
		To speed up the integration of new employees	Internal project presentation meetings	Reduce learning costs More profitable employees	Questionnaire
	To strengthen the knowledge sharing with costumers to strengthen the project integration in client-organization	Better understanding of the process and results among project participant	Group evaluation in every finalized project	Increase the resale potential Improve the ongoing client relationship	Numbers of evaluations/total numbers of projects
			Implement groupware (document sharing via extranet)	Increase accessibility and transparency in projects	Ongoing project using groupware/total numbers of ongoing projects

Theme 3: Administration

Focus areas 2004-05	Management challenges	Goals 2004-05	Activities	Expected effects	Measuring methods
Administration	To document project economy to improve project profitability	Evaluating used contra budgeted hours in all projects	Implement budget standards/spreadsheet	Calculate realistic project budget / proposal	Number of projects using standards
		All project-related hours registered in TimeOut	Internal budget training among relevant employees	Consequent and frequent use of TimeOut	All relevant project-related activities registered on a weekly basis

Accounting Policies and Auditor's Report

Summary Annual Report 2004