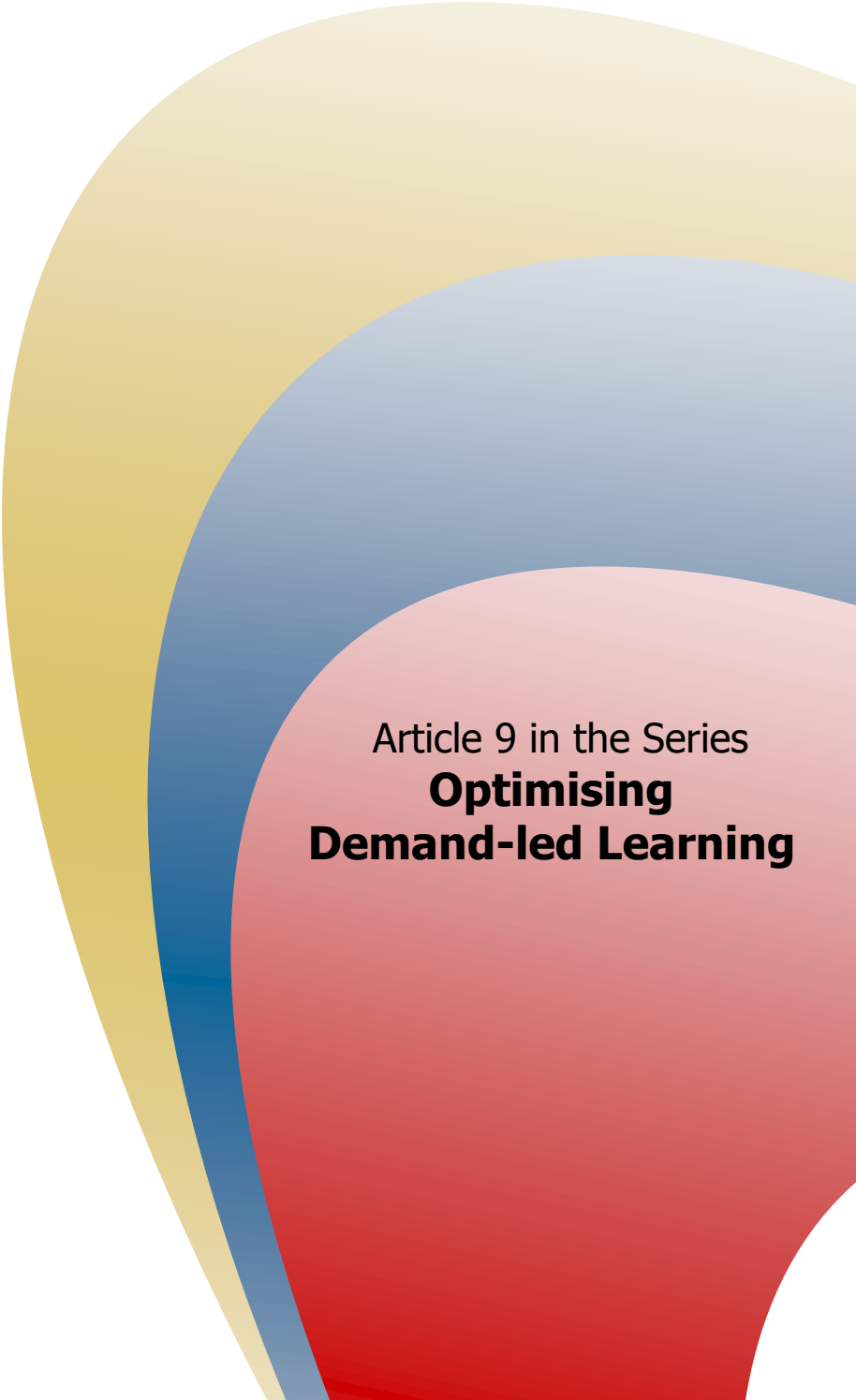


# Managing Intellectual Leadership in Corporate Value

Richard Dealtry



Article 9 in the Series  
**Optimising  
Demand-led Learning**

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## Abstract

This article takes a further step forward in defining the strategic role of the corporate university. It describes an approach for appraising and managing the consequences of management's present style of intellectual leadership on a company's market value.

It describes two robust management indices that are being used to facilitate this process of appraisal and management; the Intellectual Equity Index (IEI) and the Intellectual Capital Index (ICI) which when combined together provide a basis for defining the quality of intellectual leadership in a company, i.e. the Intellectual Leadership Indicator (ILI). The ILI directly reflects the quality, direction and trend in the company's ability to achieve or maintain intellectual leadership in its business sectors. This is the state of development upon which competitive position and future business success depends.

The outcome of the ILI appraisal produces a penetrating insight into the state of management's business orientation and organisational readiness. It also defines the baseline position from which a bespoke portfolio of corporate university properties can be properly formulated and managed.

## Keywords

Corporate university  
Intellectual equity  
Strategic fit  
Market value  
Corporate image

Intellectual leadership  
Intellectual capital  
Stakeholders  
Advanced learning  
Corporate reputation

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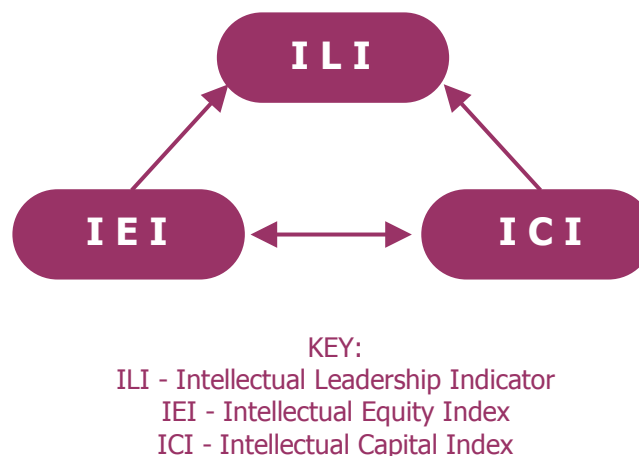
# The Management of Intellectual Leadership

This article describes the basis of a systematic practitioner methodology that is being developed experientially to appraise the quality of a company's overall intellectual performance and the extent to which it influences the intellectual equity component of its market value. This is an important survey to undertake as it provides the management of the corporate university function with a basis of understanding upon which effective strategic learning programmes can be formulated (Article 7).

Article 8 in this series introduced a qualitative analysis for the exploration of links between investments in human resource development and the benefits to be realised in company market value or worth. This article extends the scope of that analysis to include a range of qualitative factors that can influence the effectiveness of linking between human resource investment programmes and growth in company market value.

The 'reading' of the level of intellectual linking derived from this analytical process is known as the Intellectual Leadership Indicator (ILI). It indicates the present level of managerial capability in the business entity to achieve purposeful and organisational development in relation to the expectations of all its stakeholders. It is founded upon the linking of two subsidiary management indices; the Intellectual Equity Index (IEI) and the Intellectual Capital Index (ICI).

Fig 1: Linking intellectual leadership perspectives



The **Intellectual Equity Indicator (IEI)** is primarily derived from an appraisal of the state of the company's relationships with all the external stakeholders and how effectively it manages the perturbations of the business environment.

Conversely the **Intellectual Capital Index (ICI)** is derived from a survey of the company's internal dynamic development state with particular reference to its organisational capabilities for achieving sustained strategic fit and acquiring and applying higher level tools for advanced learning and development.

The conclusions reached due to the determination and interaction of these indices is described below in the illustration of differences between internal and external leadership perspectives. The outline structure of the methodology for deriving these two sets of indices is described subsequently.

The appraisal of the company's intellectual leadership style and standing in the context of its developmental situation using the ILI survey methodology is looked upon as a fundamental requirement before moving onwards to implement the bespoke portfolio of corporate university properties that can be predetermined using the configuration school of thinking (Articles 7 & 8).

## Identifying Differences in Intellectual Leadership Practice and Intellectual Purpose

The following illustrations show how the main parameters for appraising the quality of a company's intellectual leadership are brought together.

The ILI is a measurement of significant differences derived from interacting a company's IEI with its assessed ICI. It defines the development gap between the way in which human resource investments are being managed in relation to the company's actual strategic needs and stakeholder expectations.

Fig 2 is an illustration of this interaction, showing how the external (IEI) and internal (ICI) appraisals are brought together. It shows the level of symmetry, i.e. level of cohesion or distortion, between a company's internal and external business development dynamics in terms of its leadership. Each of these two indices has been determined by interview and research questionnaires specific to their main fields of intellectual development.

Figure 2: Development Gap Analysis - Intellectual Practice and Intellectual Purpose

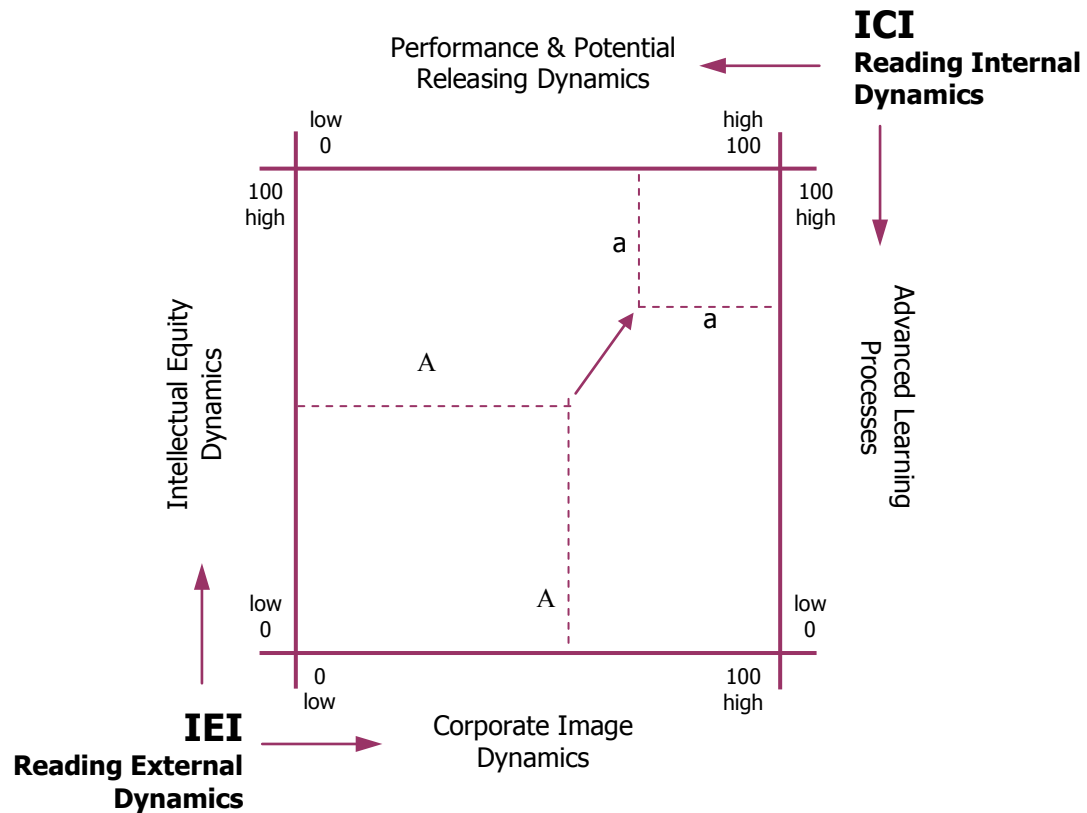


Fig 2 shows the positioning of the ILI 'vector arrow' on the matrix when the reading of IEI is high, (the 'A-A' line intersection point), which is lagging behind the ICI 'a-a' line intersection point which is also high. The intersection points of 'A-A' and 'a-a' are determined in each case by data and information from two separate strands of enquiry into related external and internal company development dynamics respectively.

The potential for further company market value development is illustrated in this diagram by the ILI vector. The possibility is there in this situation to raise the company's market value as defined by the level of the IEI due to the pull exerted by the positive business led development dynamics represented by the intersection point of 'a-a' in the ICI plot. This potential enhancement in market value is represented by the positive ILI vector.

Fig. 3 illustrates where the indices of external (IEI) and internal (ICI) development are in a position of balance, shown at point 'x' when B-B and b-b intersect at the same point. This indicates that things are not going to get better and are not going to get worse. But do not look for any ground breaking developments in the company's market value arising from this style of intellectual leadership.

Fig. 4 illustrates where the indices of internal development 'c-c' plot are lower than the external 'C-C' plot on the matrix. The ILI vector shows, therefore, a trend of

regression; a negative vector. The conclusion from this reading is that whilst the IEI is not as high as in fig 1, the incipient weaknesses of the company's internal development dynamics have not yet been recognised in financial markets and the company is currently living on its reputation rather than its true capability.

Fig 3.

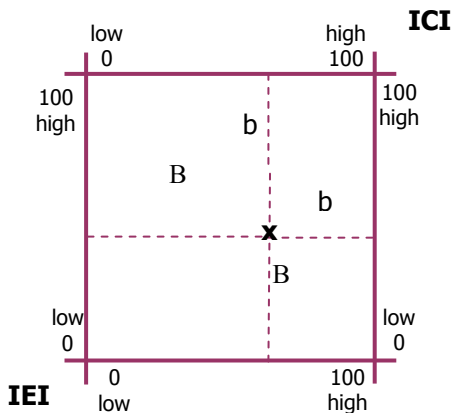
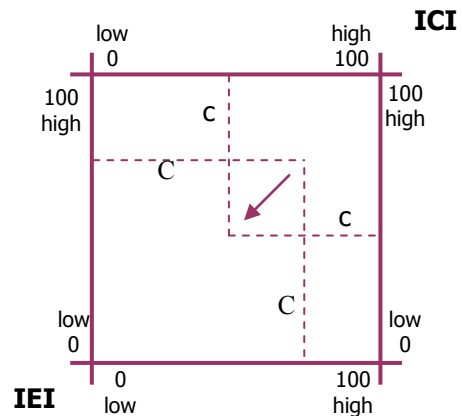


Fig 4.



These simplified cases illustrate how important it is to have a properly managed orientation in intellectual development. It is vital for the achievement of strategic fit and organisational symmetry with the business environment.

## The choice of 'intellectual leadership' as the key area of measurement

There are many development indicators describing a company's dynamics that can be measured but the importance of the increasingly evolving role of intellectual leadership provides the essential common ground for research into the health of a company's business activities.

In practical terms, managers today have to be a whole lot smarter, cleverer and quicker off the mark than they have ever been, displaying positive instinctive behaviours. The function of leadership has changed from the controlling and ordering role to a much more creative and energy releasing role.

The emphasis is now on developing managers with business led intellectual leadership, where they have the capabilities to evaluate situations and take action much more thinkingly. They have to have cross discipline skills and exercise higher levels of cognitive ability in order to conceptualise solutions. They have to demonstrably lead in new respects, providing the right conditions for releasing the enterprising energy of others and ensuring that the right things happen (Ref. 6).

In every aspect of their leadership they have to think ahead of their competitors or appear to be ahead of their competitors. It is the quality and quantity of this stream of mental rather than physical energy that redefines business potential and the competitive reality of the business entity.

The perceived quality of a company's leadership by all the stakeholder groups, both external and internal is the energising strand that defines the potential worth of a company and ultimately its market value. Of the many factors that could be used to define the quality of a company we chose the aspect of intellectual leadership as the defining dynamic. It has connections with the perceptions, motivations and expectations of all the stakeholders. It is at the pinnacle in the hierarchy of managerial qualities.

Consequently in the context of corporate university management we had to move the concept of leadership onwards and upwards into a much more new knowledge and new learning based dimension beyond simple ideas of group dynamics and project management, to a level that also engages with the charismatic effects of management (Ref. 1).

It is the presence and level of these distinctive management qualities that the ILI company appraisals would measure as an informed basis from which to formulate corporate university strategies. The appraisals involve addressing the level of leadership intensity and orientation internally and also how the phenomenon of intellectual leadership was viewed and valued by external stakeholders (Ref. 2).

## Research dimensions for appraising the standard of intellectual leadership

The first task in developing an intellectual leadership indicator was primarily concerned with identifying those dynamic strands of the business entity that truly reflect the quality of management's intellectual approach and leadership qualities in its business sectors. Our second task was to construct an investigation process based upon interviews, research and questionnaires that would define and measure the current status of the company's intellectual skills and competencies in relation to its strategic vision.

This 'reading' of the state of the intellectual leadership dynamics and their effects would provide the starting point from which a company's intellectual leadership qualities can be managed and enhanced through the integrative function of the corporate university.

The first and most important objective incorporated in the intellectual leadership indicator assessment framework was that it should be completely holistic in capturing the quality of a company's leadership dynamics. And this objective promoted the design of a research framework that emphasised the need to collect



data and information on intellectual leadership qualities relating to the past, the present and the future using both internal and external perspectives.

Four separate 'strands' of enquiry were developed to meet these requirements:-

**In the company's external fields of leadership dynamics:**

the survey would define the presence and quality of leadership dynamics in the following areas:-

- **Strand 1 - Intellectual equity dynamics**

based upon quantitative analysis (described in Article 8)

and

- **Strand 2 - Corporate image dynamics**

which would study the corporate personality and its reputation.

These two external dimensions would be assessed separately and then brought together to represent the Intellectual Equity Index (IEI) as illustrated earlier in Fig 2 at the intersection 'A-A'.

**In the company's internal fields of leadership dynamics**

the areas of investigation were defined as:-

- **Strand 3 - Performance improving and potential releasing dynamics**

and

- **Strand 4 - Application of advanced learning processes**

in the context of achieving strategic fit

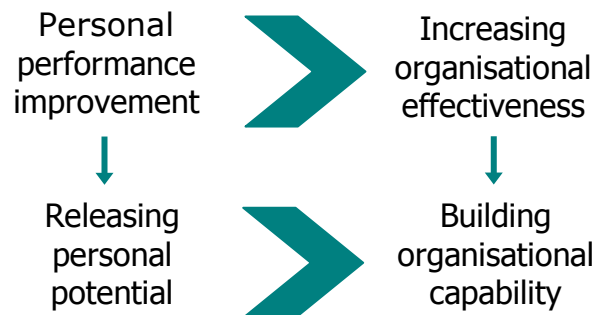
These two internal dimensions would be assessed separately, but brought together to represent the Intellectual Capital Index (ICI) as illustrated in Fig 2 at the intersection 'a-a'.

No appraisal of the state of a company's intellectual leadership would be complete without an intensively performed examination of a company's financial performance and the strengths and weaknesses of its financial structure. Strand 1, the financial strand, was the first major strand in our appraisal framework using the general relationship model between the replacement value of capital, the market values of equity and the level of investment in the development of human capital (Article 8).

The second strand of appraisal incorporated in the ILI survey framework was designed to read the dynamics of corporate personality and corporate reputation and define the main external stakeholders' perspectives on the intellectual reach of management in its business sectors.

The third strand of appraisal has to do with striking a balance between doing what a company has always done much better, *the past and present focus*, and/or investing in opening-up new potential, *a future focus*, with the emphasis on enabling and growing leadership capabilities. Fig. 5 illustrates the differences in the dynamic outcomes when managing resources between performance improvement and developing capability.

Fig 5: Managing Performance and Potential



The fourth strand of dynamics taken into consideration in defining the scope of a company's intellectual leadership has to do with the state of the leadership qualities being exhibited in managing and achieving the transitional form of the enterprise. Article 7 described the interplay of complex and turbulent business environment dynamics (C) and the nature of the organisations learning response (L) in an effort to establish a meaningful level of symmetry in strategic fit between the two. The ICI appraisal was designed to measure the degree of organisation to leadership transition taking place in the management of these interactions (Ref. 3), to identify not only what was being learnt but more so how it was being learnt to resolve the issue of relevancy.

The research questionnaire process employed in these qualitative strands of enquiry - re 2, 3 and 4 above - were based upon well developed self perception inventories relating to key leadership dynamics and used using rating scales (Ref. 4).

# Intellectual leadership and strategic role of the corporate university

A great deal of progress has been made in defining the evolving role of the corporate university function but experience had shown that assumptions concerning the starting point for these developments has to be well founded and a further preparatory step in the management process was necessary. In this series of articles the process for configuring a company's bespoke intellectual properties had already been defined (Article 8), the blueprint for the planning and development of a corporate university (Ref. 5), had been proven and the ILI process underpinned these developments by clearly defining the starting point and leadership environment for these developments.

Studies of client company's intellectual readiness using the ILI have made an invaluable contribution in the education of the corporate university development process. It has introduced a much more rigorous discipline into the way in which management view the importance of developmental activities and their linking in the wider scheme of business initiatives. And, most importantly it has redefined the way business needs to think about the dynamics of leadership. It has to move forward from ideas about leadership in terms of things, places, time scales, etc. and on into a new concept that embraces intellectual leadership development as a primary theme in its strategy formulation.

The previous articles in this series have examined the compelling reasons why companies are striving to introduce organic learning and knowledge management processes that are 'on-line' with the changing dynamics of the business. We have looked at the evolving concept of the corporate university as an organisational entity that can facilitate these changes, not just in terms of management development programmes and packages but corporately from a philosophical, cultural, learning process, new knowledge management and business point of view.

We have identified that new concepts of organisation will have to emerge that emphasise managers as quick adapters with the ability to generate penetrating insights into complex issues, make decisions and take action; a *carpe diem* mentality. This behaviour pattern is strongly individualistic and more typical of the characteristics of the brain rather than being inhibited by traditional ideas of organisational style and structure.

In 1999 the intellectual equity index (IEI) was formulated as a means of benchmarking the intellectual state of managerial, organisational and strategic development in companies. Its purpose was to provide a survey mechanism that would identify the levels at which business development activities in all their various guises were contributing to the achievement of strategic fit and the underpinning of the strategic vision in the management of the company's business sectors.

This article describes the scope of the considerations that went into extending that evidential research idea into the more holistic Intellectual Leadership Indicator (ILI) survey model as the IEI was very value relationship focused and did not provide

clues concerning how the linking between the internal and external dynamics could be more effectively managed. The relationships illustrated in Fig. 2 above between the intellectual leadership initiatives taken by management and the external perspectives on the effects of their business intellect adds further depth to our understanding of how these different dynamics can manifest themselves and change the level of intellectual equity in a company's market value.

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