In a corporate world where true value is no longer determined by physical assets alone, but instead by a combination of material and nonmaterial resources, businessman Leif Edvinsson and journalist Michael S. Malone realized the importance of intellectual capital, which includes hidden brainpower. Their work, "Intellectual Capital: Realizing Your Company's True Value by Finding Its Hidden Brainpower," published on 26 March 1997, offers insights into how companies can identify and leverage their intangible assets to gain a competitive advantage.
Malone propose a new way to bridge the gap between balance sheet and organizational reality. In *Intellectual Capital: Realizing Your Company's True Value by Finding Its Hidden Brainpower,* they explain why today's companies must take intangibles seriously--and how to measure them so they can. One of the greatest challenges facing any business today is the gap between its balance sheet and its market valuation. This gap, representing the bulk of a company's true value, consists of indirect assets -- organizational knowledge, customer satisfaction, product innovation, employee morale, patents, and trademarks -- that never appear in its financial reports.

Only in the last few years have companies and academics around the world tackled the challenge of measuring this "Intellectual Capital." And no company has taken IC measurement as far as the Swedish financial services company Skandia, which in 1995 published the world's first IC annual report. The executive who led the team, the first-ever director of Intellectual Capital, was Leif Edvinsson.

Now Edvinsson has teamed up with noted business author Michael S. Malone to write the first book that explains the workings of IC measurement and its usefulness to the modern corporation. Intellectual Capital is also the first book ever to present a universal IC measurement and reporting system.

And that's only the beginning. The authors also show how IC measurement can be used in any organization, including government agencies and nonprofit institutions; they present a simple new measure as a yardstick to compare the IC value and efficiency of different organizations; and finally, they propose a new kind of IC "stock market" exchange.

Intellectual Capital will transform the nature of doing business by establishing the real value of enterprises for those who manage them, work in them, and invest in them. The result will be a revolutionary transformation of the modern economy.

Highly readable and engaging, Intellectual Capital will prove to be one of the landmark business books of this decade.

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