

2003 Global Most Admired Knowledge Enterprises Executive Summary

Companies dedicated to growth through innovation and knowledge management create shareholder value twice as fast as their competitors, reports Teleos in the *2003 Global Most Admired Knowledge Enterprises (MAKE) Study*.

The winners of the 6th annual Global Most Admired Knowledge Enterprises (MAKE) study, conducted by Teleos in association with The KNOW Network, are (in alphabetical order):

- Accenture
- Amazon.com
- BP
- Buckman Laboratories
- Canon
- Ernst & Young
- General Electric
- Hewlett-Packard
- Infosys Technologies
- IBM
- McKinsey & Company
- Microsoft
- Nokia
- PricewaterhouseCoopers
- Royal Dutch/Shell
- Siemens
- 3M
- Toyota Motor
- World Bank
- Xerox

A panel consisting of Global Fortune 500 senior executives and internationally-recognized knowledge management experts chose the 2003 Global MAKE Winners. The panel rated each organization against a framework of eight key knowledge performance dimensions which are the visible drivers of competitive advantage. The 2003 Global MAKE Winners have been recognized as leaders in:

- creating a corporate knowledge-driven culture
- developing knowledge workers through senior management leadership
- delivering knowledge-based products/solutions
- maximizing enterprise intellectual capital
- creating an environment for collaborative knowledge sharing
- creating a learning organization
- delivering value based on customer knowledge
- transforming enterprise knowledge into shareholder value

According to Rory Chase, managing director of Teleos, “These organizations have been recognized as global leaders in effectively transforming enterprise knowledge into wealth-creating ideas, products and solutions. They are building portfolios of intellectual capital and intangible assets which will enable them to out-perform their competitors in the future.”

For the second year in a row, Buckman Laboratories has captured the top position. Steve Buckman, Chief Executive Officer, Buckman Laboratories International, Inc., said: “Buckman Laboratories is honored to be named the 2003 Most Admired Knowledge Enterprise. We are committed to translating product, industry and customer knowledge into value for our customers and shareholders. Our ability to move and leverage knowledge continues to determine our success in the marketplace.”

Key Findings

Business leaders, analysts and investors constantly ask: “What are the economic and competitive advantages of pursuing a business strategy based on knowledge leadership?” Based on the findings of the 2003 Global MAKE study, the benefits of this approach are tangible and significant.

Managing enterprise knowledge yields big dividends. The 2003 Global MAKE Winners and Finalists trading on the NYSE/NASDAQ showed a Total Return to Investors (TRS) for the period 1992-2002 of 19.6% – a staggering 2.2 times the average Fortune 500 company median. MAKE leaders in this metric were: Dell Computer (43), Oracle (31.5), Applied Materials (28.6), Cisco Systems (28.2) and Best Buy (27.3).

This metric is supported by other data. Investors believe that the 2003 Global MAKE Winners and Finalists offer long-term potential due to their intellectual capital-driven wealth creation. A total of 20 Global MAKE Winners and Finalists (51% of the for-profit organizations in this year’s list) rank in the top 100 companies globally by market capitalization.

And, six of this year’s Global MAKE Winners ranked in the top ten global companies for creating wealth (over the five-year period from 1997-2001) according to Stern Stewart’s Wealth Added Index (WAI):

- Microsoft (No. 2 – \$93.78 billion)
- IBM (No. 3 – \$93.09 billion)
- General Electric (No. 4 – \$91.86 billion)
- Nokia (No. 6 – \$82.16 billion)
- Johnson & Johnson (No. 8 – \$56.02 billion)
- Dell Computer (No. 9 – \$35.35 billion)

In fact, a total of 11 Global MAKE Winners and Finalists this year rank in the top 40 global companies for creating wealth according to Stern Stewart’s WAI.

Another key knowledge metric is Return on Capital Employed (ROCE). The 2003 Global MAKE Winners and Finalists showed an average ROCE of 30.4 – compared to the Financial Times Global

500 median of 18.5. MAKE leaders in this metric were: Oracle (157.4), Unilever (123.5), Dell Computer (58.8), Nokia (46.4) and Applied Materials (41.9).

Profits as a percentage of assets (2002 Return on Assets) for the publicly traded 2003 Global MAKE Winners and Finalists was 4.5% - over four times that of the Global Fortune 500 company median. MAKE leaders in this metric were: Infosys Technologies (34.2), Oracle (20.6), Johnson & Johnson (16). Dell Computer (14), Nokia (13) and 3M (13).

Knowledge-Intensive Leaders

The leading companies in some of the most knowledge-intensive sectors are (in alphabetical order):

Automotive manufacturing: Ford, Honda, Toyota

Consulting: Accenture, Cap Gemini Ernst & Young, McKinsey

Defense & aerospace: Boeing, Honeywell International, Rolls-Royce

Electronics and electrical equipment: Canon, Siemens, Sony, Xerox

Information technology: Hewlett-Packard, Infosys Technologies, IBM, Microsoft

Oil & gas: BP, ChevronTexaco, Shell

Pharmaceuticals: Aventis, Johnson & Johnson, Merck

Professional services: Ernst & Young, KPMG, PricewaterhouseCoopers

2003 Global MAKE Winners

Accenture

Accenture, one of the world's leading consulting companies, is recognized in the 2003 Global MAKE study for its knowledge-driven corporate culture, ability to deliver knowledge-based products/solutions and maximizing the value of the firm's enterprise intellectual capital.

Amazon.com

Amazon.com, based in Seattle, Washington, started its Web business in July 1995. Amazon.com seeks to be the world's most customer-centric company, where customers can find and discover anything they might want to buy online – at the lowest possible prices. The company is recognized for its ability to maximize the value of the company's intellectual capital, and delivering value based on customer knowledge.

BP

BP, one of the world's largest energy companies, is recognized for its knowledge leaders and maximizing the value of the firm's enterprise intellectual capital.

Buckman Laboratories

Buckman Laboratories, a private specialty chemicals company located in Memphis, Tennessee, is recognized in this year's Global MAKE study for its strong corporate knowledge-driven culture, knowledge leadership, ability to deliver knowledge-based products/solutions, and creating value based on customer knowledge.

Canon

This 2003 Global MAKE Winner is recognized for its ability to deliver knowledge-based products/solutions and organizational learning.

Ernst & Young

A six-time Global MAKE Winner, Ernst & Young is recognized for its strong corporate knowledge-driven culture, ability to deliver knowledge-based products/solutions, and creating value based on customer knowledge.

General Electric

GE is one of the world's leading knowledge companies in several knowledge performance dimensions, including creating enterprise value based on customer knowledge and transforming corporate knowledge into shareholder value.

Hewlett-Packard

Hewlett-Packard is a leading global provider of IT products, technologies, solutions and services to consumers and business. Six-time Global MAKE Winner HP is recognized for its ability to deliver knowledge-based products/solutions, organizational learning, and creating value based on customer knowledge.

Infosys Technologies

Infosys Technologies is a leading Indian software solutions provider. It is the first time that Infosys Technologies has been recognized as a Global MAKE Winner. The firm is recognized for developing knowledge workers through senior management leadership and maximizing the enterprise's intellectual capital.

IBM

2003 Global MAKE Winner IBM is noted for delivering knowledge-based products/solutions, delivering value based on customer knowledge, and transforming enterprise knowledge into shareholder value.

McKinsey & Company

One of the world's most respected management consulting firms, McKinsey & Company is recognized in the 2003 Global MAKE study for its strong corporate knowledge-driven culture, maximizing the enterprise's intellectual capital and transforming enterprise knowledge into shareholder value.

Microsoft

Leading new economy company Microsoft has been a top-ten Global MAKE Winner for six years in a row. Microsoft is cited for a number of enterprise knowledge best practices, including the delivering knowledge-based products/solutions, maximizing the enterprise's intellectual capital and transforming enterprise knowledge into shareholder value.

Nokia

Nokia is recognized in the 2003 Global MAKE study for collaborative enterprise knowledge sharing, organizational learning and transforming enterprise knowledge into shareholder value.

PricewaterhouseCoopers

PricewaterhouseCoopers is a leading professional services firm and is noted for maximizing the enterprise's intellectual capital, creating value based on customer knowledge, and transforming enterprise knowledge into shareholder value.

Royal Dutch/Shell

Royal Dutch/Shell, the Dutch/British energy company, is recognized in this year's Global MAKE study for developing knowledge workers through senior management leadership, collaborative enterprise knowledge sharing, and transforming enterprise knowledge into shareholder value.

Siemens

Siemens is a six-times Global MAKE Winner and is cited for developing knowledge workers through senior management leadership, collaborative enterprise knowledge sharing, and organizational learning.

3M

3M is a \$16 billion diversified technology company with leading positions in numerous markets. 3M is recognized as a 2003 Global MAKE Winner for its ability to deliver knowledge-based products/solutions, maximizing the enterprise's intellectual capital, and transforming enterprise knowledge into shareholder value.

Toyota Motor

Toyota is the only automotive manufacturer to be recognized as a Global MAKE Winner this year. The company is noted for maximizing the enterprise's intellectual capital, collaborative enterprise knowledge sharing, and organizational learning.

World Bank

The World Bank is the only non-profit organization in this year's Global MAKE Winners' list. The World Bank is noted for its strong corporate knowledge-driven culture, developing knowledge workers through senior management leadership, and collaborative enterprise knowledge sharing.

Xerox

Xerox has a long history as a champion of managing enterprise knowledge for competitive advantage. It has been selected a 2003 Global MAKE Winner due to its corporate knowledge-driven culture, collaborative enterprise knowledge sharing and organizational learning.

2003 Global MAKE Finalists

A total of 49 organizations were recognized as 2003 Global MAKE Finalists (see Table 1).

In the first Global MAKE study conducted in 1998, a total of 45 organizations were recognized as Global MAKE Finalists with the following geographic distribution:

- North America (33 organizations – 74%)
- Europe (9 companies – 20%)
- Asia (2 enterprises – 4%)
- International (1 organization - World Bank - 2%)

The 1998 Global MAKE Winners (top 20 Finalists) were distributed as follows: North America (16 organizations - 80%); Europe (4 organizations - 20%), Asia (0).

Six years later, in the 2003 study, there were 49 Global MAKE Finalists with the following geographic distribution:

- North America (25 organizations – 51%)
- Europe (12 companies – 24%)

- Asia (10 enterprises – 21%)
- South America (1 organization – 2%)
- International (1 organization - World Bank - 2%)

The 2003 Global MAKE Winners (top 20 Finalists) were distributed as follows: North America (11 organizations - 55%); Europe (5 organizations - 25%), Asia (3 organizations - 15%), International (1 organization - World Bank - 5%).

MAKE Research Program

Teleos, an independent knowledge management and intellectual capital research company, administers the Most Admired Knowledge Enterprises (MAKE) program. The KNOW Network – <http://www.knowledgebusiness.com> – is a Web-based global community of organizations dedicated to networking, benchmarking and sharing best knowledge practices leading to superior business performance.

The MAKE research program consists of the annual Global MAKE study - the international benchmark for best practice knowledge organizations. In addition, MAKE studies are conducted to identify leading knowledge organizations at the regional/national level. During 2003 Teleos will conduct MAKE studies for Asia, Europe, Japan and North America.

The complete *2003 Global MAKE Report* is available from Teleos. It contains an in-depth analysis of the 2003 Global MAKE study, key findings, best knowledge practices, trends, and profiles of the 2003 Global MAKE Winners.

To order a copy of the *2003 Global MAKE Report*, or for more information on the MAKE research program, contact Teleos, Tel: +44 1234 314197, Fax: +44 1234 308824, E-mail: info@knowledgebusiness.com

2003 Global MAKE Finalists

Enterprise	Industry
ABN Amro	Financial Services
Accenture	Consulting
Amazon.com	Specialty retailer
American Express	Financial services
American Productivity & Quality Center	Non-profit
Applied Materials	Semiconductors & equipment manufacturers
Bain & Company	Consulting
Best Buy	Specialty retailer
BP	Oil and gas
Buckman Laboratories	Chemicals
Canon	Computer & office equipment
Cap Gemini Ernst & Young	Consulting
Cisco Systems	Network & communications equipment
Dell Computer	Computers
Ernst & Young	Professional services
Ford Motor	Motor vehicles
General Electric	Diversified
Hewlett-Packard	Computer & office equipment
Honda	Motor vehicles
Infosys Technologies	Computer software
Intel	Semiconductors & equipment manufacturers
International Business Machines	Computer & office equipment
Johnson & Johnson	Pharmaceuticals
Kao	Personal products
KPMG	Professional services
McKinsey & Company	Consulting
Microsoft	Computer software
Nokia	Network & communications equipment
Oracle	Computer software
Petróleos de Venezuel SA	Oil and gas
PricewaterhouseCoopers	Professional services
Royal Dutch/Shell	Oil and gas
Renault	Motor vehicles
Ricoh	Computer & office equipment
Samsung	Diversified
Schlumberger	Oil and gas equipment and services
Siemens	Electronics and electrical equipment
Skandia	Financial services
Sony	Electronics and electrical equipment

Sun Life Financial	Insurance
Sun Microsystems	Computer & office equipment
3M	Diversified
Taiwan Semiconductor Manufacturing	Semiconductors & equipment manufacturer
Telefónica Móviles	Telecommunications
Toyota Motor	Motor vehicles
Unilever	Consumer products
Wipro Technologies	Computer software
World Bank	International development
Xerox	Computer & office equipment

Table 1: 2003 Global MAKE Finalists