

2006 European Most Admired Knowledge Enterprises Study

Executive Summary

The European Most Admired Knowledge Enterprises (MAKE) study is part of Teleos' MAKE research program. The European MAKE study was established in 1999 to recognize organizations (founded and headquartered in Europe) for their ability to create shareholder wealth (or in the case of public and non-profit organizations to increase societal capital) by transforming new as well as existing enterprise knowledge into superior products/services/solutions.

The European MAKE research is based on the Delphi methodology. This research tool employs an expert panel's perceptual knowledge to identify critical issues – in the case of the European MAKE study to identify those organizations which are leaders in creating organizational intellectual capital and wealth through the transformation of individual/enterprise knowledge into world-class products/services/solutions. Through several rounds a consensus is developed among the panel's experts. It is this consensus of expert opinion which provides the validity to the Delphi, and European MAKE study results.

A European panel of *Fortune* Global 500 senior executives and leading knowledge management and intellectual capital experts selects the European MAKE Winners. In the European MAKE study there are three rounds of consensus building. In the first round, members of the expert panel nominate enterprises founded and headquartered in Europe.

In the second round, each member of the expert panel selects a maximum of three organizations from the list of nominations. Those organizations selected by at least 10% of the expert panel are recognized as European MAKE Finalists. In the third and final round, the European MAKE Finalists are ranked against each of the eight knowledge performance dimensions which form the MAKE framework and are the visible drivers of wealth creation:

- creating an enterprise knowledge-driven culture.
- developing knowledge workers through senior management leadership.
- delivering knowledge-based products/services/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.

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A total of 47 organizations were nominated as 2006 European Most Admired Knowledge Enterprises (see Appendix 1). Out of this group, 30 organizations were recognized as 2006 European MAKE Finalists (see Table 1).

2006 European MAKE Finalists

Enterprise	Industry
ABB (Sweden/Switzerland)	Diversified manufacturing
ABN AMRO (Netherlands)	Financial services
Atos Origin (France)	Information technology services/solutions
BMW (Germany)	Motor vehicles
BP (UK)	Oil & gas
British Broadcasting Corporation (UK)	Media
BT (UK)	Telecommunications
Capgemini (France)	Information technology and outsourcing
Carl Bro (Denmark)	Consulting
DKSH (Switzerland)	Logistics and supply chain management
EADS (France/Germany)	Aerospace & defense
FAST (Norway)	Internet searching services
Nokia (Finland)	Network & communications equipment
Norsk Tipping (Norway)	State lottery
Novo Nordisk (Denmark)	Pharmaceuticals
Phonak (Switzerland)	Consumer products (hearing aids)
Qinetiq (United Kingdom)	Research & development
Repsol YPF (Spain)	Oil & gas
Rolls-Royce (UK)	Aerospace & defense
Royal Dutch Shell (Netherlands/UK)	Oil & gas
SAP (Germany)	Computer software
Schlumberger (France)	Oil & gas equipment and services
Siemens (Germany)	Electronics & electrical equipment
Swiss Re (Switzerland)	Reinsurance and financial services
Telefonica (Spain)	Telecommunications
Tesco (United Kingdom)	Food retailer
UBS (Switzerland)	Financial services
Unilever (Netherlands/UK)	Household and personal products
Union Fenosa (Spain)	Utilities
Vodafone (United Kingdom)	Telecommunications

Table 1: A total of 30 organizations were selected as 2006 European MAKE Finalists (based on nominations from at least 10% of the European MAKE expert panel).

A total of 10 European MAKE Finalists were recognized as 2006 European MAKE Winners (based on the total composite scores). The 2006 European MAKE Winners are shown in alphabetical order in Table 2.

Seven organizations repeated as European MAKE Winners: BMW, BP, British Broadcasting Corporation, Schlumberger, Siemens, UBS and Unilever. BMW and UBS have been recognized as joint overall winners in the 2006 European MAKE study. This is the first time that BMW and UBS have achieved the first-place ranking.

2006 European MAKE Winners

Enterprise	Industry
BMW (Germany)	Motor vehicles
BP (UK)	Oil & gas
British Broadcasting Corporation (UK)	Media
Novo Nordisk (Denmark)	Pharmaceuticals
Repsol YPF (Spain)	Oil & Gas
Schlumberger (France)	Oil & gas equipment and services
Siemens (Germany)	Electronics & electrical equipment
Telefonica (Spain)	Telecommunications
UBS (Switzerland)	Financial services
Unilever (Netherlands/UK)	Household and personal products

Table 2: 2006 European MAKE Winners listed in alphabetical order.

Newcomers to this year's European MAKE Winner's circle are: Novo Nordisk, Repsol YPF and Telefonica. Enterprises failing to repeat as European MAKE Winners are: ABN AMRO, Nokia, Royal Philips Electronics, SAP and Schneider Electric.

Table 3 identifies the enterprises which received the largest number of 2006 European MAKE nominations from the panel's senior executives and knowledge management practitioners. BP, Royal Dutch Shell and Siemens appear at the top of both group's lists of European Most Admired Knowledge Enterprises.

Senior executives tend to look through the 'lens' of high-level strategic issues and how well organizations are meeting these challenges. Nominations from this group are influenced by strong leadership and the results of knowledge-driven metrics, such as market capitalization, expanding intellectual capital assets, customer loyalty and shareholder value.

The panel of chief knowledge officers and knowledge management / intellectual capital experts tend to see things through the ‘lens’ of the development and implementation of enterprise approaches and strategies leading to knowledge-driven excellence in terms of superior products/services/solutions.

Enterprises Receiving the Most 2006 European MAKE Nominations

**European *Fortune*
500 Executives**

BMW
BP
 Nokia
Royal Dutch Shell
Siemens

**CKOs and Leading
KM/IC Experts**

BP
 Novo Nordisk
Royal Dutch Shell
 Schlumberger
Siemens

Table 3: European enterprises receiving the largest number of 2006 European MAKE nominations (in alphabetical order).

Key Findings

- European MAKE leaders continue to struggle to gain competitive advantage through knowledge-driven enterprise strategies. Their scores were lower than the previous year in several critical knowledge performance dimensions: developing knowledge workers, innovation, collaboration, organizational learning, and managing customer knowledge.
- There is a growing recognition and emphasis on the importance of creating wealth through innovation and the development of knowledge-based goods/services/solutions. The ‘innovation’ knowledge performance dimension had the highest average score in the 2006 European MAKE study.
- European MAKE leaders’ capabilities in knowledge worker training and development declined significantly when compared to the Asian and North American MAKE Winners.
- European companies are considered the pioneers in enterprise intellectual capital management. However, the results of the MAKE studies indicate that Europe has lost its lead in this critical knowledge performance dimension. North American MAKE leaders have improved their capabilities in this area. Asian MAKE leaders are focusing on intellectual

property, intellectual assets and brands, but as a rule still do not have in place enterprise-wide intellectual capital management strategies.

- According to the MAKE expert panel, the European knowledge-based economy is driven by the following key business sectors (based on the number of MAKE Finalists in each industry): electronics & electrical equipment, financial services, motor vehicle manufacturing, and oil & gas.

Joint Overall 2006 European MAKE Winners

BMW (Germany)

Bayerische Motoren Werke (BMW) was founded in 1916 and initially focused on the development and production of aircraft engines and, from 1923 onwards, of motorcycles. BMW began manufacturing automobiles in 1928. The company has three major brands: BMW, MINI and Rolls-Royce Motor Cars. BMW had 2005 annual sales of US \$55.3 billion and employs over 105,000 people worldwide.

The 2006 European MAKE panel has recognized BMW for developing knowledge workers through senior management leadership (1st place), and maximizing the value of its enterprise intellectual capital (1st place). BMW is a six-time European MAKE Finalist and a three-time European MAKE Winner.

UBS (Switzerland)

UBS is one of the world's leading financial firms. Its businesses include wealth management, global investment banking and securities, asset management and retail and commercial banking. The company's income for 2005 was US \$76.3 billion, it employs nearly 70,000 people worldwide and has offices in over 50 countries.

The 2006 European MAKE panel has recognized UBS for its enterprise knowledge-driven culture (1st place), and organizational learning (1st place). UBS is a four-time European MAKE Finalist and a three-time European MAKE Winner.

2006 European MAKE Winners

The remaining 2006 European MAKE Winners are (in alphabetical order):

BP (United Kingdom)

BP is the world's largest integrated energy company by sales. It is also one of the world's three largest manufacturers of petrochemicals and has a growing business in distribution of natural gas and power generation. BP has annual sales of US \$245.5 billion (2005), employs over 96,000 people, and operates in over 100 countries.

The 2006 European MAKE panel has recognized BP for its organizational learning. BP is a six-time European MAKE Winner.

British Broadcasting Corporation (United Kingdom)

The British Broadcasting Company was founded in 1922, when the British government licensed the UK's six major radio manufacturers to form the new organization. In 1927, the Company was dissolved and the British Broadcasting Corporation was formed with a royal charter. The BBC Television Service started in November 1936. Today, the BBC produces programs and broadcasts on television, radio and the Internet. Its international television services are funded commercially and include the international news channel BBC World, as well as a number of entertainment channels. The BBC's annual income is £4.2 billion (2005) and it employs over 25,000 people worldwide.

The 2006 European MAKE panel has recognized the BBC for developing superior knowledge-based products/services (1st place), and delivering value based on customer knowledge (1st place). The BBC is a four-time European MAKE Finalist and two-time European MAKE Winner.

Novo Nordisk (Denmark)

Novo Nordisk is a healthcare company and a world leader in diabetes care. In addition, Novo Nordisk offers a line of diabetes education and training materials and services to doctors and patients under the name NovoCare. The company also is involved in biopharmaceuticals.

With headquarters in Denmark, Novo Nordisk employs approximately 22,000 full-time employees in 79 countries, and markets its products in 179 countries. Its 2005 annual sales were US \$5.4 billion.

The 2006 European MAKE panel has recognized Novo Nordisk for maximizing the value of its enterprise intellectual capital, and transforming enterprise knowledge into shareholder wealth. This is the first time that Novo Nordisk has been recognized as a European MAKE Finalist and Winner.

Schlumberger (France)

Schlumberger, founded in 1912, is a leading global oilfield services provider. The company has annual revenues of US \$14.5 billion, employs over 60,000 people, and operates in 80 countries. Schlumberger has 23 research and engineering facilities worldwide. The company provides a full range of oil and gas services, including seismic surveys, drilling, wireline logging, well construction and completion, and project management.

The 2006 European MAKE panel has recognized Schlumberger for its enterprise knowledge-driven culture, and enterprise-wide collaborative knowledge sharing. Schlumberger is a four-time European MAKE Finalist and three-time European MAKE Winner.

Siemens (Germany)

Siemens is a global leader in electrical engineering and electronics. The company has 475,000 employees working to develop and manufacture products, design and install complex systems and projects, and tailor a wide range of services for individual requirements. Siemens provides innovative technologies and comprehensive know-how to benefit customers in 190 countries. Founded in 1847, the company is active in the areas of information and communications, automation and control, power, transportation, medical, and lighting. In fiscal year 2005 (ended September 30, 2005), Siemens had sales of US \$90.9 billion.

The 2006 European MAKE panel has recognized Siemens for its organizational learning. Siemens is a six-time European MAKE Winner.

Unilever (Netherlands/UK)

Unilever is one of the world's leading suppliers of fast-moving consumer goods. The company has two global divisions: Foods and Home & Personal Care. The company has annual sales of US \$54.4 billion, employs over 220,000 people worldwide, and operates in more than 150 countries. Unilever believes that its long-term success requires a total commitment to exceptional standards of performance and productivity, working together effectively, and a willingness to embrace new ideas and learn continuously.

The 2006 European MAKE panel has recognized Unilever for its enterprise-wide collaborative knowledge sharing (1st place). Unilever is a six-time European MAKE Finalist and four-time European MAKE Winner.

Teleos

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

The MAKE research program, conducted in association with The KNOW Network, consists of the annual Global MAKE study – the international benchmark for world-class knowledge-driven organizations – and regional/national MAKE studies.

The set of six 2006 MAKE Reports – Asia, Europe, India, Japan, North America and Global – is available from Teleos: teleos@mac.com . Each report contains MAKE rankings, metrics, trends and analyses, and profiles of the winners.

Appendix 1: 2006 European MAKE Nominees

A total of 47 organizations were nominated as 2006 European Most Admired Knowledge Enterprises:

ABB (Sweden/Switzerland)
ABN AMRO (Netherlands)
Alcatel (France)
Atos Origin (France)
Bang & Olufsen (Denmark)
BMW (Germany)
BP (United Kingdom)
British Broadcasting Corporation (United Kingdom)
BT (United Kingdom)
Capgemini (France)
Carl Bro (Denmark)
Detica (United Kingdom)
DKSH (Switzerland)
EADS (France/Germany)
ENI (Italy)
FAST (Norway)
Gaz de France (France)
Genetrix (Spain)
Hilti (Switzerland)
Hochtief (Germany)
HSBC (United Kingdom)
Inditex Group (Spain)
Mondragon Cooperative Corporation (Spain)
Nestle (Switzerland)
Nokia (Finland)
Norsk Tipping (Norway)
Novartis (Switzerland)
Novo Nordisk (Denmark)
Phonak (Switzerland)
Qinetiq (United Kingdom)
Renault (France)
Repsol-YPF (Spain)
Rolls-Royce (United Kingdom)
Royal Dutch Shell (Netherlands/United Kingdom)
Royal Philips Electronics (Netherlands)
SAP (Germany)
Schlumberger (France)
Siemens (Germany)
Statoil (Norway)
Swiss Re (Switzerland)

Telefonica (Spain)
Tesco (United Kingdom)
Total Elf (France)
UBS (Switzerland)
Unilever (Netherlands/United Kingdom)
Union Fenosa (Spain)
Vodafone (United Kingdom)