

# Developing intellectual capital globally

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Skandia, a multinational insurance and financial services company, is based in Stockholm, Sweden. In 1855, Skandia was founded as an international insurance company. In 1900, Skandia was the first non-British reinsurer to have a New York office. Today, five divisions comprise Skandia: Skandia Norden, Skandia Direct Insurance Nonlife, Assurance and Financial Services, Skandia Investment Management, and Reinsurance.

Skandia AFS was formed in 1986 by "blowing apart" the traditional supply chain. It acts as a wholesaler of planning-based financial products that are sold by independent brokers, advisors and banks to private investors. While it manufactures all of its products, it does not manage assets or distribute the products. Rather, it relies on developing and enhancing close relationships with world-class asset management companies and distributors. AFS addresses individual clients' financial well being through programs of long-term saving solution. The most rapidly growing division within Skandia.

True of most growth companies, Skandia is interested in attracting investors, and in having current as well as prospective investors understand and recognize the full value of the company Knowledge Management or learning organization cannot be built overnight. It is a product of carefully cultivates attitudes, commitments and management processes that are accrued steadily over time. It is the responsibility of the management and leadership to create an environment of knowledge and technology. Because next millennium is going to be a millennium of knowledge.

To remain competitive - may even be survive - businesses will have to convert themselves into organizations of knowledgeable specialists. " Power comes not from knowledge kept, but from knowledge shared". And value of the knowledge lies in its usage. It is imperative to provide a workplace for people to think, imagine, innovate and create new solutions and methods. These new additions will add more value to the knowledge Management database.

Therefore, to survive and compete in global market, organizations need to develop knowledge and intelligence on all the competitive forces of the value-chain. Knowledge Management is a symphony of ideas, thoughts, insights, processes, strategies, structures, and best practices - and that is the mantra for competing and winning in the 21st century.

### Recommendation

After evaluating the SWOT analysis and the tendency in the future, we will recommend Scandia reintegrate the company because Scandia has many small divisions and the managers do not have enough training and sufficient information about their departments. It made their company lost money.

Scandia should assemble all of the managers and give them the professional trainings and let them to communicate to each other. Regarding this kind of conference, they can understand what other department do and performance.

Skandia has many more strengths than weaknesses, while the opportunities seem to be in balance with the treats. Carendi clearly foresaw where the insurance industry at the time was headed and had been preparing for it

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since the mid 80s. This is precisely what contributed to the 10 years of consecutive success of Skandia. The SWOT points out that Carendi strengthened the company in many ways and prepared for upcoming challenges.

As for the treats, we conclude that many of them can be opportunities too. Therefore AFS should pursue the so-called W-O strategies; overcome the weaknesses to further exploit the opportunities at hand. Deregulation was a double-edged sword: it both opened up the market and increased competition at the same time. Likewise, the increased awareness of the customer (due to the Internet) is both an opportunity and a possible threat for AFS. Therefore, AFS should continue the search for lower labor cost to ensure its survival since labor cost makes up a large portion of the overall cost. As for online competition, where people do not have to meet, we recommend Carendi builds a skilled labor force in a low-wage country (like many of computer manufacturers moved their customer services to India, for example).

## Questions

1. How has Jan Carendi been able to grow AFS from a marginal division of Skandia in the 1980s into a powerhouse of it growth and profitability by the mid-1990s. Jan Casendi has been able to grow Skandia's Assurance and Financial Services(AFS), once a small Stockholm-based insurance and financial services company to be a powerhouse of the growth and profitability by refining the nature of the business, restructure it around alliances, and the most important key success is the managing of the "

Intellectual Capital" which means making the knowledge widely and readily usable throughout the organization so that it generates business value in such areas as investment management, identifying and serving customer needs and developing valuable employees.

The mission of this intellectual capital is to identify and improve the visibility of intangible and non-material items, to capture and package these items for transfer to users, to cultivate and develop these items through training and knowledge networking, and to capitalize and economize on these items through rapid recycling of knowledge and increase commercialization. As the company strive to increase worker knowledge and to develop culture that breed innovation, they are creating advances in e learning or computer and Internet-based training methods that reach throughout the organization.

2. What are the strength and weakness of the AFS business model? Has Carendi created a source of sustainable advantage? Explain your position. The AFS business models consists of three major concepts - the federative organization, intellectual capital measurement, and manage employees as volunteers. The purpose is to create a flexible and dynamic capability and to create different internal organization framework, new performance metrics, and different ways of managing people.