



How Are Your Five Capitals?

An Interview with Dr. Uwe Stemmler, Chief Executive Officer and Managing Partner, ISC Limited, London, and ISC GmbH, Munich



Dr. Uwe Stemmler

EDITORS' NOTE Unlike larger, incumbent consultancies, newly formed ISC Limited/ISC GmbH draws upon "a very holistic approach" in order "to enable CEOs and senior management to think differently" about their businesses, its CEO and managing partner elucidates. In other words, because its competitors remain "focused almost exclusively on one or two capitals," Dr. Uwe Stemmler argues, "they fail to see the big picture." In contrast, ISC concentrates on all "five capitals," which he identifies as "intellectual capital, human capital, operational capital, financial capital, and market capital." From there, it operates in tandem with executives "to highlight the balances and imbalances" and, over time, "transform their organizations."

With a master's and Ph.D. from the University of Frankfurt, Stemmler is a member of the American Chamber of Commerce in Germany.

COMPANY BRIEF With headquarters in London and Munich, as well as offices in the United States and Australia, ISC Limited/ISC GmbH was founded in 1997 and launched in 2001 to help CEOs and other corporate executives transform the way they think about their businesses. The firm's exclusive Total Effective Leverage concept, which includes the Competitive Balance®, Sim-Bal®, and Strategic Com-

petency® methodologies, provide new ways for future competitiveness to be assessed and profitability to be increased. Using these tools, ISC assists businesspeople in many sectors in implementing total strategies throughout their organizations.

ISC was founded in 1997 and launched four years later. What made you feel that there was a need for your services?

We realized that the traditional consulting firms were limiting their focus to only a few areas. If you evaluated their approaches, there was still an enormous gap between merely defining strategy and truly making it happen right through the value chain. So, we brought together six very experienced people, each with a different area of consulting expertise, and we developed a very holistic approach to determine the structure and the dynamics of the five capitals: intellectual capital, human capital, operational capital, financial capital, and market capital. Then, our main focus was to find a methodology to highlight the balances and imbalances among those five capitals, to enable CEOs and senior management to think differently and give them insight into how to transform their organizations.

How do you define ISC's target market?

Businesses must have a certain complexity to fully benefit from our radical approach. Typically, they have annual revenues of \$50 million or more. But our approach is valid for all strategic business units. It transcends all industry sectors and branches of the economy. Ultimately, we're focused on any organization in which people are active, involved, and thinking.

Plus, we're not only focused on the corporate business world. Our methodology can also bring enormous benefits to state and government institutions, hospitals, etc. The fact is, people in any organization have to become conscious of their part in the whole, rather than simply accepting a solo mentality. This is achieved by affording each a perspective on the balances or imbalances of the five capitals. So

our primary focus is people: understanding their behavior and unleashing their potential for the benefit of the organization.

In such a competitive market, what makes ISC unique?

Almost every CEO I encounter is intrigued by our holistic approach. Because our competitors, including the Big Four and the more IT-related consulting firms, are focused almost exclusively on one or two capitals, they fail to see the big picture – that is, the effect each of the capitals has on the others and, in turn, on the bottom line of the business at large. Because our approach is so different, it's fairly easy to demonstrate what makes ISC unique.

Is it difficult to convince CEOs to change their way of thinking?

Yes, it can be. Unfortunately, many CEOs are just too busy to think! The ISC process begins with convincing responsible leaders to take an hour out of their schedules and look at their businesses through a different set of lenses. But the methodology isn't an approach from the top down or the bottom up; it's a holistic combination of consulting, implementing, coaching, inspiring, and building confidence around a robust framework, which benefits every single stakeholder.

Given the recent scandals regarding corporate governance, how can individual firms demonstrate their credibility to the marketplace?

Everything is about achieving a proper balance, which is one of the mantras of ISC. Recent well-publicized events have shown the folly of major corporations concentrating on just one or two of the five capitals. The focus on financial capital – finding obscure methods to inflate earnings figures – and on intellectual capital – massaging the data to support the illusion – virtually destroys the other three capitals. Real success comes only from ascertaining the optimum balance for each business, continuing to leverage the potential, and innovating within it. The market is quite right to demand a lot more transparency and honesty. Companies like ISC, with high ethical standards which afford corporations just that competitive transparency, are very well positioned to fill this void. ●