

III. MODERN TOOLS FOR BUSINESS AND NON-PROFIT ORGANIZATIONS MANAGEMENT

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INTELLECTUAL CAPITAL STATEMENT OF A COMPANY OPERATING IN A MADE TO MEASURE INDUSTRY

Abstract

This article is a case study of a company operating in the MTM (Made to Measure) industry. The main issue of this manuscript is the evaluation and analysis of a company's intellectual capital in three main areas: human capital, structural and relational capital. The starting point was the analysis of the external environment, its opportunities and threats in relation to the identification of the strategic goals of the company. Against the background of these considerations, key business processes and desired business success of a company that contribute to the achievement of defined strategic objectives were identified. The article used the ICS (Intellectual Capital Statement) method without going into too much detail in defining this method in order to limit the size of the manuscript. For a more detailed description of the ICS method readers should refer to the article [Ujwary-Gil 2012].

Key words: intellectual capital, human capital, structural capital, relational capital, Intellectual Capital Statement, made to measure, case study.

1. Introduction

This article is dedicated to the Intellectual Capital Statement – ICS of a company operating in the MTM (Made to Measure) industry: a firm sewing custom-made suits. In such a company knowledge, experience, customer relationships are extremely important, while the product itself is merely a luxury. Businesses, in particular small and medium-sized enterprises, often

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neglect the management of intellectual capital (IC). This is manifested by a lack of investment in workers' knowledge and in technologies for preserving knowledge, thus indirectly affecting their competitiveness in the market. This enables assessment, reporting and systematic development of the intellectual capital of a company. A thorough analysis of intellectual capital (IC) can lead to identification of areas in need of improvement, linking strategic objectives with elements of intellectual capital. The structure of the Statement of intangible assets is shown in Figure 1 below sets the framework for the analysis of IC.

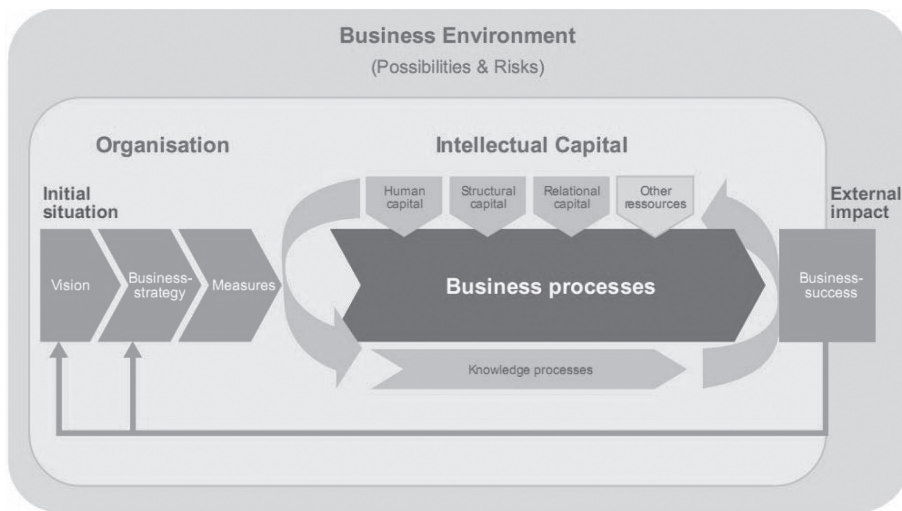


Figure 1 The structural model of Intellectual Capital Statement [Source: InCaS: Intellectual Capital Statement made in Europe. European ICS Guidline, www.incas-europe.eu (8.03.2012)].

The first step in figuring out an Intellectual Capital Statement is to determine the strategy of the company and do an analysis of opportunities and threats in the environment. This constitutes the basis for the assessment of IC. Based on this information, the indicators are calculated for each dimension of intellectual capital. Human capital is defined as a set of competencies, knowledge, social, and personal characteristics or personal employee motivation. Structural capital is the infrastructure, processes and databases that support the human capital of the organization. Relational capital is more difficult to identify, as it consists of relationships with customers, suppliers and partners. IC value is relative to the degree to which it supports the achievement of the strategic objectives of the company. The balance of these elements allows the specification of IC that need to be improved.

2. General information

2.1. System boundaries

In determining the boundaries of the system, the entire company was taken into account (not only its divisions or branches). The rationale for this decision is the fact that every team in the analyzed company is closely linked and cannot operate as a separate business unit. The most important department in the organization is its headquarters, a plant situated in southern Poland, where not only production is located, but also administration offices and sales department serving customers in its own flagship showroom. The second key unit is the organization's prestigious showroom in Warsaw. This atelier in Warsaw serves as both the commercial and administrative center. The organizational structure of the company may not seem to be very complicated, but after a deeper analysis of the company, it appears that the process of Made to Measure seems to be even more complicated because of the close relationship between these two entities in the company.

2.2. Value creation model

In addition to the final product that the client receives; a tailor-made suit created in the MTM (Made to Measure) system, trousers, jackets or shirts from precious natural materials, the company offers customers a personalized wardrobe managing service. Already in the initial stages of discussions with the client, there is talk concerning the provision of services according to customer tastes and preferences, as well as the common choice of fabrics, accessories and cut. Male buyers receive a package containing additional information relating to current trends and classic dress code. The company offers its customers all kinds of complementary products, such as shoes, belts, ties, bow ties, tuxedo belts, braces, pins and buttons. The complete set constitutes the full range of products and services required to meet the needs of even the most demanding customers. The target customers are men who, where image is concerned, are unwilling to compromise on quality or waste time. The company supplies its products and services primarily to business customers (executives), corporate personnel and the increasingly popular individual client purchasing a suit for festive occasions such as weddings, etc. Due to the fact that its shelf price is not the lowest, company products and services tend to be sold mainly to wealthier clients. However, the tailored-to-fit market in Poland, while still in its early stages, is adapting to an oligopolistic market and dividing itself into the high-end and mid-price range. The company mentioned has competitive advantages associated with owning

its own sewing workshop and being the only one on the market not using outsourcing. This solution generates lower costs while benefiting from the scale effect, and can therefore offer its customers products at the mid-price level. The company has a very clear system of payment; i.e. an advance of 50 per cent after the first measurements and the remaining payment is due upon receipt of product.

In order to provide its customers with the highest quality in products and services, the analyzed company is constantly searching for the best well-known sources of fabrics from countries such as Italy, France, England and Scotland. Here top-quality sheeps wool (merino), camel skins (caramel), Lamia (silver), goat skins (mohair, cashmere), rabbit furs (angora), and Egyptian cottons are available.

2.3. External environment

The business environment of a company operating in the Made to Measure industry carries a lot of opportunities and threats.

Opportunities in the external environment:

- Continuous enrichment of the population, resulting in a growing interest of consumers in luxury products, thus increasing the number of potential customers.
- A growing awareness among both women and men over the past years in Poland of the need for an attractive appearance.
- Increasing demand for quality products and services. This has a positive effect on a company's image as a high-quality part of the philosophy of its operation.
- An increase in number of corporations in Poland – an opportunity to gain more corporate clients.
- The sewing industry is on the upswing as it becomes more popular and fashionable. Consumers are increasingly feeling the need to buy apparel tailored specifically for them.
- Access to newer sewing technologies enables a company to increase product quality, reduce costs, and broaden its selection of cuts/patterns on offer.
- Ease of travel within and across border regions - an opportunity to gain clients abroad; the company's expansion into the Central and Eastern Europe, as well as to attract new suppliers and foreign partners.
- Positive perceptions of products made in Poland. Increasing the positive image of Polish producers, as companies are producing high quality products. Hence an increasing interest in our native products and the number of potential foreign customers.

Threats in the external environment:

- Increasing competition in the market of suits and custom-made garments. This can lead to more serious problems with getting new customers, and even maintaining loyalty among existing customers. The company will be forced to make greater efforts to gain and maintain market leadership.
- The potential financial crisis. Instability in the financial system of the European Union could lead to unrest among consumers and manifest itself through customers resigning from the purchase of luxury items or at least limiting or delaying purchases.
- Reluctance in exposing their financial position.
- Rising transport costs mainly related to increasing oil prices; a fact reflected as part of costs incurred by a company.
- Lack of skilled workers in the sewing industry. It is one of the main problems that has plagued the industry textile for many years.
- No alternative means of sewing.
- Rising customer requirements (timewise) is a big challenge for the company. It is difficult to reconcile the increasingly shorter lead times with maintaining high quality suits.

2.4. Strategic objectives

The company set clear goals for itself in order to successfully develop and create a coherent development path. The main direction of the company's development is one to improve its visibility in the market as a luxury brand market leader in MTM suits. Therefore, it focuses on making changes in the company's marketing strategies and Public Relations. The firm represents the highest quality products at the right price. What enables the company to maintain the loyalty of existing customers while attracting new ones is its strong luxury brand image. As a result, in order to achieve its marketing goals, the company decided to employ an external agency to intensify its market presence. Secondly, but not less importantly, are continuous improvements including training of employees, so that they, too, represent a level suitable for a luxury brand.

Short turnover times allow the company to maintain a competitive advantage in the market. The company's production of suits takes place within Poland, which allows them to reduce customer waiting time for the product compared with competing plants, often having their plant abroad. A very important advantage is also its individual approach to the customer - the company focuses on building long-term relationships, encouraging men to re-use its services.

One of the goals of reaching beyond the normal course of business is to educate the public. The business owner from the very beginning has been

trying to improve the public's awareness of good style and the dress code for real gentlemen. Professional advice in choosing the right suit and accessories for the appropriate occasions is just a matter of possessing an experienced and trained staff.

The creation of a complete customer base has a very significant impact on the functioning of the company. It is a necessary tool in the effort to meet other business goals. In order to build a lasting relationship with the client and keep his loyalty, it is necessary to maintain complete records of clients future and past orders.

The second objective of the stakeholders in the company might be to attract two or three complementary partners. Collaboration with manufacturers of custom-made shoes and women's clothing, or with a professional laundry would allow the company to better meet customer needs and give him a stronger attachment to the company.

The objective of expanding their market share is closely associated with changes in the employers' market in Poland. Definitely a growing number of foreign corporations, and with them, the number of managers representing the level of those in Western Europe, is turning attentions to the professional look. As a result, the company has set itself the goal of a sales growth figure in the corporate customer market of 20% of all products sold over a period of 2 years.

The company has set itself the goal of establishing appropriate procedures concerning the treatment of clients after having received the final product. This would allow the company to maintain a positive continuous relationship with the customer. At the same time feedback directly from the consumer gives indications of a very clearly define direction in further developments for the company.

Investment also requires a computer system that would facilitate the flow of information between employees, and enable the creation of the aforementioned complete customer base.

3. Intellectual capital – definitions and status quo

3.1. Definitions of components

3.1.1. Business processes

The study identified five key company business processes listed in the table below.

Table 1 Business processes elements and definitions

Business Processes	BP-1	Sewing	identifying customer needs, taking measurements, conveying the data to sewing room, sewing, fitting, delivery of suit
	BP-2	The process of gaining new clients	set the target customer, choosing methods to reach customers, building a database of potential customers, customer contact
	BP-3	After sales service	contact with the customer, analyzing feedback, identifying customer needs
	BP-4	Creating a brand	identifying a brand strategy, choosing appropriate promotional tools
	BP-5	The acquisition of knowledge	market research, acquisition of information, training, monitoring changes in the industry

Source: own elaboration.

The sewing process is one of the most important of these mentioned. This process begins with the first contact with a client who decides to buy a suit. A Customer Advisor has an interview with the client to identify his requirements. The client and the advisor must agree on the type of suit, the fabric used, as well as accessories. This is followed by taking the customer's measurements and sending the required information to the sewing room and then sewing the suit. The sewing process requires the client to try the suit on for size and then doing any alterations necessary. The customer is informed about the possibility of fitting and a date is set. Once the suit has been fitted it is sent to the sewing room for alterations. Fitting may be repeated several times. Finally the customer receives his custom-tailored suit.

The process of gaining new customers is important as the company continues to grow. The process begins by identifying the target customer, which determines the appropriate methods for reaching potential clients. The next step is to build a database of target customers for future marketing purposes. In the end, contact is made with the customer and relationships are build.

After sales service may be initiated by the customer himself in the form of a complaint, a desire for further services or by the company in the form of feedback to ascertain customer satisfaction. This process begins with client contact and an analysis of his needs by gathering the necessary information, and then considering the needs of the client in terms of service.

The process of developing a brand is long and requires consistency in marketing. It begins with the appointment of a brand strategy determined by choice of target customer and use of proper marketing techniques.

The process of acquiring market knowledge begins with recognizing the need to develop. The company carries out a market study in order to obtain

relevant information on trends, and recognizes the need to improve their employees' skills. The next step is to in fact obtain all relevant information; ie, to identify an appropriate company or a specialist in a particular field to train employees. In the end, training is conducted internally or externally. The last step in the process is to track changes in the industry in order to identify further opportunities for development.

3.1.2. Business success

The company's business success was determined by five factors, which are as follows.

Table 2. Business success in the company

Business Success	BS-1	Image	perception of the company as a luxury brand
	BS-2	Customer loyalty	a repeat customer, building long-term cooperation with the customer
	BS-3	Professional staff	professionally trained staff knowledgeable of market trends and loyal to the company for serving the customer better
	BS-4	Aware of the client	client of analyzed company knows the rules of good style and current trends
	BS-5	Market Leader	highest percentage of MTM market in Central and Eastern Europe

Source: own elaboration.

The company offers a luxury product. For this reason, maintaining a positive image of the brand is vital to achieving business success. An image of the company's brand as prestigious and luxurious enables it to reach the target customer - business, corporate or individual.

Another ingredient to success in business is customer loyalty. The company's goal is to provide the customer with an exceptional buying experience. Providing high quality products and services that the customer will want to purchase over and over ensures the building of long-term relationships with customers. An added goal is to work with its customers to develop the so-called client's closet of costumes and accessories.

Professionalism of the staff is also essential in achieving business success. Personnel having direct contact with the customer in particular should possess appropriate service skills. A professional staff for the company means employees who are familiar with current trends in the market and do their best to ensure customer satisfaction. The workers try to meet the expectations of customers, and are friendly, professional, committed and have the appropriate

skills. The employees have a professional degree and the ability to speak at least one foreign language. The company employees also include persons employed in the sewing plant, where high skills and level of ability influence the quality of the product.

The company has also set itself the goal of raising customers' awareness of how to care for different types of suits, and thus ensure longevity for their garments. The company strives to ensure that customers are aware of the principles of good style as well as trends in this type of clothing they wear. One of the major factors in the success of a business is to be the market leader in MTM industry in Central and Eastern Europe.

3.1.3. Human Capital

As is well known, people play an enormous role in any organization. It makes no sense to examine the different traits of human capital individually. It is all these traits joined together that form a person fit to work in a company. Therefore, the boundaries between them are often blurred.

Table 3. Human capital

Human Capital	HC-1	Experience	direct contact with the client, working in the luxury sales department
	HC-2	Education	specialist courses: sewing, customer service, product knowledge, trends, etc.
	HC-3	Skills	Knowledge of foreign languages, operating machinery (including computer)
	HC-4	Personality	easily establishes relationships, well-mannered, motivated, disciplined.

Source: own elaboration.

The experience of employees is of paramount importance particularly for workers in direct contact with the customer. It is important that employees have the skills to communicate effectively with a business customer, and that they comply with the rules the company wants to learn. Earlier work experience in the luxury goods industry is helpful in providing professional service as this market has its own specificities compared with markets for other goods.

Given the emphasis the company places on the quality of its products, very important is the education possessed by its specialist tailors, on whom, most of all, quality depends. As for consultants, orientation of current trends in the market, but most of all, knowledge of the universal principles of the classic male wardrobe are the most important.

To be included in required skills for company consultants is a knowledge of foreign languages, as part of the company's customers are clients from abroad. Computer skills can also have great meaning as this allows for a faster flow of information and, therefore, quicker service and the ability to find the necessary information about the customer.

Personality in this industry is of great importance. Employees should present the highest level of personal culture. They should be composed, committed, and professional to a maximum. Of course, as is always the case with customer service, the ability to establish relationships is vital.

3.1.4. Structural Capital

One of the components of intellectual capital of the company is structured capital, without which the overall intellectual capital is not able to fully realize its potential. Efficient systems and procedures included in the structural capital affect other companies' intellectual ability.

Table 4 Structural capital

Structural Capital	SC-1	Customer database	database contains detailed information about customers and their orders
	SC-2	Procedures	standardization of customer services, production and ordering procedures
	SC-3	Internal computer system	fully integrated computer system allowing easy access to information
	SC-4	Training	System of training allows systematic broadening of knowledge and skills of workers (tailors, managers)

Source: own elaboration.

In an analysis of the company four factors of structural capital have been highlighted. The first factor is the customer database, which contains detailed information about customers and their previous orders. It includes information about all the firm's customers. Each person is added to the database after making an order. The database holds information such as preferences, tastes and special requirements of customers. This tool greatly facilitates a better understanding of customer data for making predictions about future purchases.

The second factor is the procedures that are designed to standardize processes, customer service, production and ordering. All processes should be consistent and clear and understandable procedures for all employees. This is to make certain standards and maintenance processes are at a high level. This also serves to reduce the amount of errors, delays and confusion.

Another factor of structural capital is the internal computer system. It is an integrated platform that enables all employees easy access to necessary information including the customer database. Depending on the position held in the company, individual employees have access to relevant information (updated in real time) in the system. It contains data such as the current status of standing orders for each customer (for informing customers of any delay or accelerate processing the order), financial data, contacts for employees and suppliers, or info about the status of a placed order from suppliers.

The last factor is a training system that allows the systematic broadening of knowledge and skills of workers (tailors, managers). The system contains information about each employee and the training that took place. The system has also a schedule for future training highlighting positions and full names of the employees. All specialized courses, workshops and training courses are planned in advance. These include, among others, language courses at different levels, workshops and conferences tracking the latest trends in fashion, sewing courses and training in customer service.

3.1.5. Relational (Customer) Capital

In the description of the company the three factors of relational capital have been highlighted. The first factor is the customers themselves, who are wealthy people from the business world, corporations as well as individual customers who occasionally buy a suit. The company's customers are often aware of their needs and have very high expectations. This element is not only associated with the fact that they are purchasing a high priced item, but concerns the prestige of purchasing something custom-sewed. Another factor is the supplier. This is a key factor, because suppliers are directly related to the quality of products. The company uses house fabrics, offering top quality wool, cotton and sewing accessories. Fabrics are imported from countries such as Italy, France and Scotland, as these countries have a long history of tailoring giving them an advantage. Suppliers are also specialized companies servicing the technical side of the work including: sewing machines etc.. The last factor is the partners of complementary goods. The company has worked very tightly for a long time, unwilling to cooperate with partners, focusing on their core business – tailor made suits. Over time, it was noted that the market requires the company to expand its range including, for example, sewing custom fit shoes. Thus new partners were sought to complement the company's product selection and vice versa. In this manner a truly complementary customer service was introduced to completes customers' wardrobes. In addition, laundries that provided appropriate dry-cleaning services for suits were brought on board. This in turn can be added to the list of after-sales services.

Table 5. Relational capital

Relational Capital	RC-1	Customers	wealthy customers from the business world, corporations, individual customers (occasional)
	RC-2	Suppliers	house fabrics from Italy, France and Scotland offering the highest quality fabrics
	RC-3	Partners of complementary goods	firms sewing custom-fit shoes, women’s clothing, laundries

Source: own elaboration

3.2. QQS assessment (quantity, quality and systematic management of intellectual capital)

3.2.1. Business processes

The top-ranked factor in terms of volume of business transactions is the after-sales service (95%). It’s worth, on the other hand, remembering that not every sale or service finishes when the customer receives the product. Quantity does not go hand in hand with quality and regularity, which is assessed to be at the level of 30%. The main reason for this low assessment is lack of follow-up at the hands of the company and a poorly developed customer database (Fig 1):

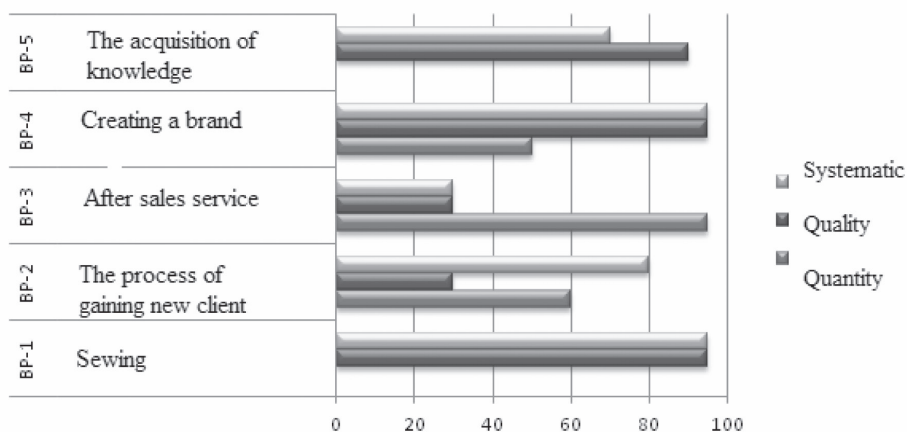


Figure 1. QQS of Business Processes (Source: own elaboration).

Another factor is the acquisition of new customers, which sits at 60%. The level of regularity is satisfactory as it stands at 80%. As with after-sales service, the quality of customer acquisition leaves a lot to be desired; the cause of which

may be their weak base of potential customers and the lack of sales skills of the customer service team.

Another factor is the creation of brand. Here the numbers sit at the 50% level. This low rating is the reason for the need to focus more on producing high quality products.

3.2.2. Business Success

A top-ranked factor determining the success of a company is its image as a luxury brand, which offers products of the highest quality (Fig 2). Both in terms of regularity, quality and quantity, this factor has been assessed at 95%. This means that the company is constantly and consistently implementing its strategy well, something that should be continued.

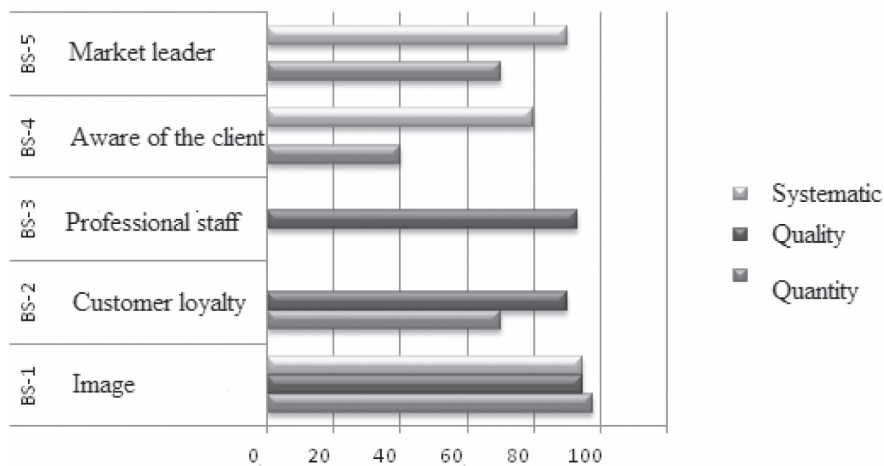


Figure 2 QQS of Business Success (Source: own elaboration).

A factor of very great importance for the success of the business is possessing a team of the highest quality. As is well known, professional tailors guarantee the high quality of products, while the company representatives have direct contact with the customer and influence his decisions. It is difficult to assess the professionalism of the people because of the level of regularity in performing their duties, but when it comes to the quality of staff, the figure was set at a level above 90%, which is a fully satisfactory level.

Another important factor for success is customer loyalty. It was not possible to assess in terms of the regularity of management, but the quality was assessed at 90%, and quantity at 70%. It follows from this that customer loyalty is at a satisfactory level.

Another strategic goal of the company is to maintain its position as a market leader. This factor was regularly found to be 90%, while quantity at 70%. This means that the company consciously, continuously, consistently implemented its strategy and was well directed; a trend that should continue.

The last selected factor is awareness of the customer. For its strategic goal the company chose to educate the general public as to the rules of classical men’s clothing. This goal was met in terms of regularity at 80%, while quantity at 40%. It follows that company representatives were very effective in assisting clients, but at the same time less than half of men coming to shop know these rules. Here the room for improvement is considerable, although public education in the field of fashion and clothing will not be easy.

3.2.3. Human Capital

The top-ranked factor among the factors of human capital, is the level of experience of employees (a rating of over 90%). Almost all employees in the company have extensive experience in selling luxury products and direct contact selling with customers (Fig 3).

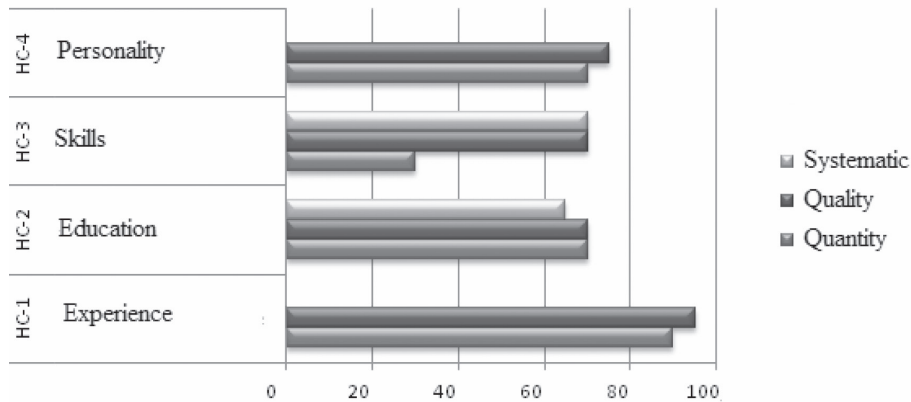


Figure 3. QQS of Human Capital (Source: own elaboration).

Most of the factors were assessed as generally adequate (a score of over 60%). Both employees expertise relating to the tailoring industry, as well as the personality of employees needed for high quality customer service (personal culture, communication), are at a relatively high level, but still can be improved. The only low-ranked factor (in terms of quantity) are skills. Capabilities in the field of foreign language skills and usage of machines require significant improvement.

3.2.4. Structural Capital

The highest-ranked factor of structural capital is the internal computer system (88%). Possibilities for improvement sit at about 12%. The database is lacking in terms of a comprehensive background of orders with the exact dates of purchase, frequency of purchases and amounts issued. Employees of the company may at any time seek information in the customer base using the user-friendly system. Another factor to be evaluated are the procedures with an averaged result (quantity, quality, regularity) ranking at 85%. This means that the procedures are qualitatively correct and clearly defined. Employees use them regularly. The opportunity to improve is at 15%. Significantly lower was the rating for the customer database. The database has not been uniformly updated since the inception of the company, so the amount of information is estimated at 10%. The quality of the database occupies the 55% level, which is not a good end result, taking into account the importance of the database when acquiring new customers.

The last factor is the training system, the average was 37%; the opportunity to improve, 63%. All quantitative performance criteria, qualitative and systematic shows that the company rarely and very poorly trained their staff.

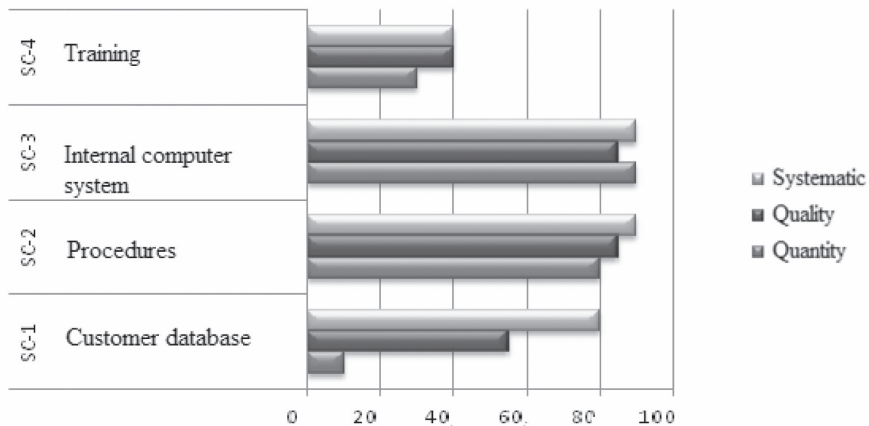


Figure 4. QQS of Structural Capital (Source: own elaboration).

3.2.5. Relational Capital

Relational capital (Fig 5) fared the worst in terms of assessment where partners of complementary goods were concerned. This is due to the relatively short life of the company. The Company continues to develop its business and is looking for opportunities to work with various suppliers of accessories for suits.

For this reason, it was assessed that the company has reached 20% of the target number of suppliers of complementary goods. In the case of the regularity and quality the situation is satisfactory (65%). Products from suppliers of complementary goods are of high quality, but the company anticipates that in the future exclusive products will also be made available. Systematic evaluation of complementary goods partners in relation to pursued goals ranks at 65%. In order to best serve the customer the company must shorten delivery times and have better insight into quantities of supplied accessories, as well as improve relationships with suppliers of complementary goods.

The evaluation of suppliers for the company is very positive. The rating of quantity of goods delivered in relation to the objectives of the company went as high as 90%. Product quality and the quality of cooperation with suppliers was rated very high. From the beginning the company paid much attention to its image by carefully selecting subcontractors and suppliers to ensure the best quality products. Therefore regularity was absolutely at a sufficient level (95%). There is continuous cooperation with suppliers from Italy, Scotland, etc., in arranging for the best quality fabrics in colors consistent with the trends and deliveries

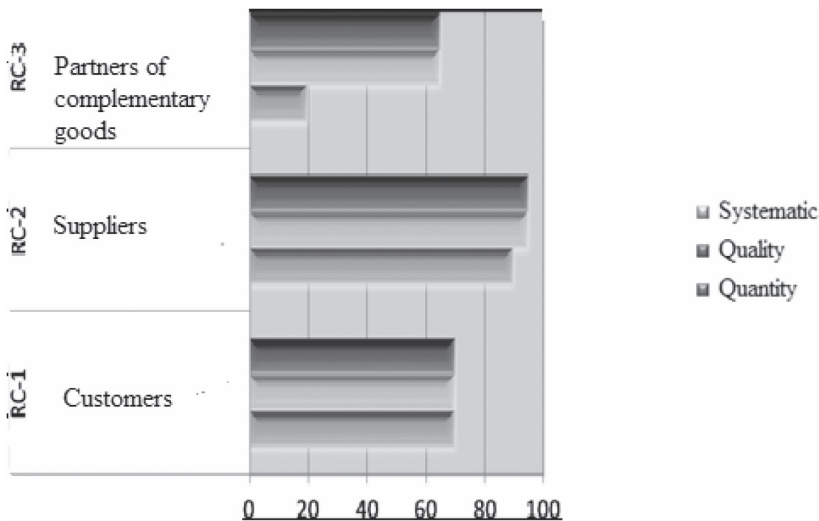


Figure 5. QQSoF Relational Capital (Source: own elaboration).

The assessment of customers is satisfactory, all positions are assessed at a level of 70%. Taking into account quantities, the goal of the company is to be the market leader in Central and Eastern Europe, from where in the future it is anticipated that the majority of customers will originate. Today, the company takes orders from abroad, but it is not enough to be a leader. The assessment

of quality where customers are concerned has to be explained by the fact that the company still does not support corporate clients. Regularity has also been evaluated to be sufficient for the simple reason that one of the goals of the company is to improve customer awareness and develop a database that will facilitate better contact with the customer.

4. Intellectual capital development

4.1. Strengths and weaknesses (improvement possible)

After evaluation of intangible assets QQS, the greatest opportunities for improvement noted are in the structural capital of the company. The average assessment was set at 65%, which means the possibility of improving is up to 35%.

Table 4 Strengths and weaknesses of the analyzed factors

	Quantity (%)	Quality (%)	Regularity (%)	Average assessment (%)	Possibilities for improvement (%)
Business Processes	68.33	68.00	74.00	70.11	29.89
Business Success	69.50	92.67	88.33	83.50	16.50
Human Capital	65.00	77.50	67.50	70.00	30.00
Structural Capital	52.50	66.25	75.00	64.58	35.42
Relational Capital	60.00	76.67	76.67	71.11	28.89
Total	63.07	76.22	76.30	71.86	28.14

Source: own elaboration.

Human capital and relational capital have been estimated at almost the same level (on average 70% and 71%), giving the opportunity to improve a rating of 30% and 29%. Business processes followed at 70%, which means that the possibility for improvement is 30%. Definitely Business Success was assessed the highest with an average of 83.5%. The possibility for improving this element is 16.5%. In summary it can be stated that structural capital has the greatest potential for improvement.

Review summary of QQS

Among the Business Process assessed by far the best was the sewing process with an average rating of 95% (for improvement - 5%). The next is the process of creating a brand and the process of acquiring knowledge, estimated at 80% (20% for improvement). The average value of ratings for gaining new customers is 57% (42% for improvement). The lowest-ranked process is the after-sales service.

Another group of factors for a company is business success. In this group, the highest assessment was for image of the company, 96% (for improvement of 4%). Also professionalism of the staff was evaluated at 93% (for improvement - 7%). Other factors to be assessed were both customer loyalty and market leadership, assessed at 80% (20% for improvement). Of these, the lowest-ranked element was customer awareness, 60% (40% for improvement).

In the Human Capital Group rated the highest was experience, 93% (for improvement of 8%). Personality was rated at 73% (for improvement 28%). Education was rated much worse, 68% (32% for improvement). Skills fared the worst in this group, 57% (43% for improvement)

In Structured Capital the internal computer system was rated the best, 88% (12% for improvement). Company procedures also got high scores, 85% (15% for improvement). A significantly lower rating went to customer database, 48% (52% for improvement), while the training system received the lowest average score, 37% (63% for improvement).

The final group is relational capital, where suppliers were assessed the highest, 93% (7% for improvement), while the customer received an evaluation of 70% (30% for improvement). The worst in this group were partners, 50% (50% for improvement).

4.2. Weights of intellectual capital and fields of intervention

The weight of structural, relational and human capital had a very similar effects on the business results of the company. The experience, education and knowledge possessed by the company employees has a large impact on the success of the business. Other factors are the customer database, relationships with customers and quality of suppliers. The least important factors contributing to the success of the business are: personalities of staff and relationships with partners (Fig 6).

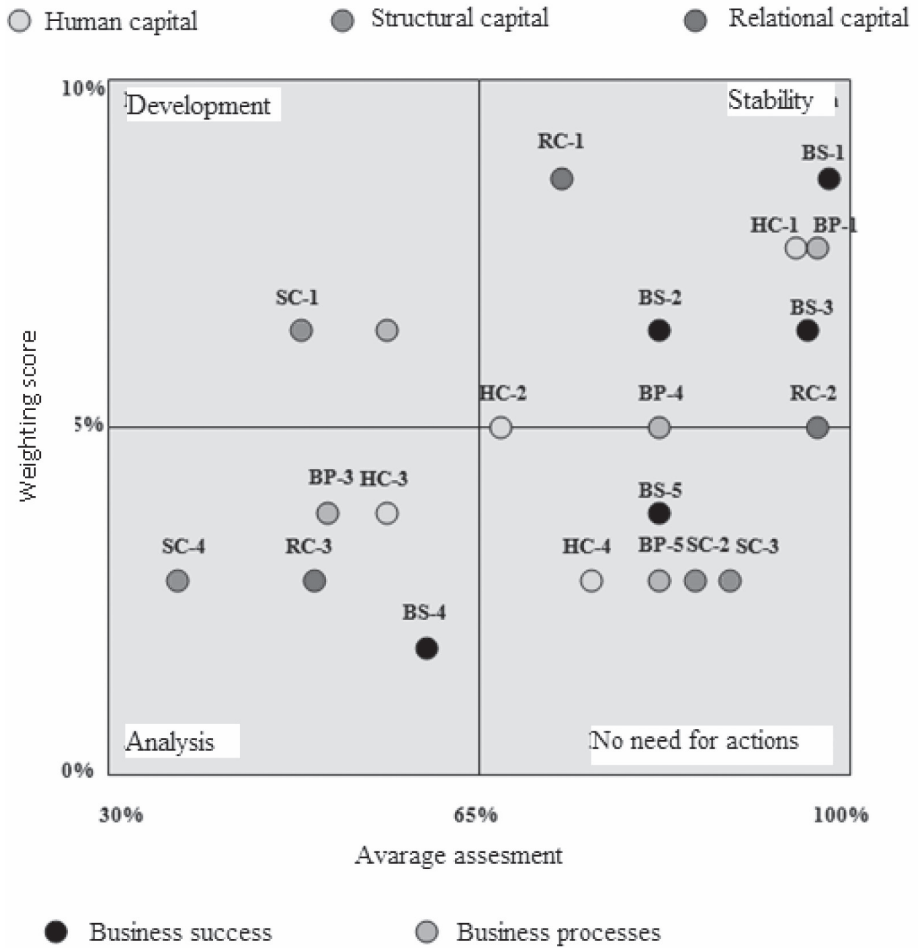


Figure 6. Fields of intervention (Source: own elaboration).

Legend:

BP-1	Sewing
BP-2	The process of gaining new client
BP-3	After sales service
BP-4	Creating a brand
BP-5	The acquisition of knowledge
BS-1	Image
BS-2	Customer loyalty

BS-3	Professional staff
BS-4	Aware of the client
BS-5	Market Leader
HC-1	Experience
HC-2	Education
HC-3	Skills
HC-4	Personality
SC-1	Customer database
SC-2	Procedures
SC-3	Internal computer system
SC-4	Training
RC-1	Customers
RC-2	Suppliers
RC-3	Partners of complementary goods

The square of development makes up the most important factors that have a relatively high potential for improvement. The matrix was a good base for customer data. They are important because they allow you to attract new clients and enabling expansion of markets. At the same time possessing the complete purchasing background of customers is extremely helpful in maintaining positive relationships with those who have already benefited from the services of the company. In this square there is also a point BP-2, which represents the process of acquiring new customers. The company in their efforts to become the market leader in Central and Eastern Europe should improve the process of reaching out to potential customers.

Within the square of stability there are very important elements and well rated - with little prospect of improvement. In this zone, the matrix included relationships with clients - key to business productivity and decisive for its success. Maintaining these relationships is possible through an experienced staff, which also found itself within the frame of stability. This means that the previous position of the company was based mainly on these two factors. The company should continue its strategy in these two areas.

On the borders between stability and the area in which operations are not necessary, are education, workers' knowledge and supplier relations. These are factors of average importance and therefore require no special improvements. However, they must not be forgotten completely and must be included in the company's strategy.

The area of operations, encompassing employee personalities, procedures, and internal computer system is not in need of improvement. These are elements

of very little importance and whose potential for improvement is low. They are not strategic to the success of the company. The square of analysis encompasses these factors, where the potential for improvement is large, but they will not significantly improve the company's strategic objectives. The matrix here included workers' skills, system of training, and the relationship with partners. This area also includes the process of acquiring knowledge BP-5.

5. Conclusions

As a result of the analysis of intangible assets, it was noted that the company is in a stable situation. The number of factors requiring further development are few. Most of the factors are as evenly set as in the three other parts of the matrix, making it impossible to clearly identify the position of the company. Many factors find themselves within the square of stability, which means they have a major impact on the company's business objectives, but do not require improvement. The company should focus on attracting new customers, which could help their underdeveloped customer database. The subjectivity of the ratings of the analyzed factors should be taken into consideration as this could distort the results of the matrix.

References

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Appendix: Indicators

	ID	IC Factor	Indicator	Definition	Unit	Actual value	Planned value
Business Processes	BP-1	The sewing process	Time required to sew a suit	Number of weeks required to sew a suit	T	4	3
	BP-2	Acquiring new customers	Number of new customers	Number of new per month customers	#	10	30
	BP-3	After-sales service	Frequency of follow-up contact with customers	Follow-up contact with customers after sale of products	#	50	100
	BP-4	The process of branding	Number of marketing campaigns	Number of promotional campaigns annually	#	2	5
	BP-5	The process of acquiring knowledge	Number of training sessions	Total number of training sessions annually	#	2	5
Business Success	BS-1	Image					
	BS-2	Customer Loyalty	Number of repeat shoppers	The percentage of customers returning to the company for further purchases	%	70%	85%
	BS-3	Professional staff	Percentage of employees with higher education	The percentage of employees who have completed a university degree, specialization or have extensive experience in the industry	%	40%	70%
	BS-4	Client awareness	Percentage of clients clearly defining their needs	The percentage of customers familiar with the principles of good style	%	70%	90%
	BS-5	Market Leader	Market share	Percentage of market share in Central and Eastern Europe	%	30%	40%

	ID	IC Factor	Indicator	Definition	Unit	Actual value	Planned value
Human capital	HC-1	Experience	Number of employees with extensive experience	Number of staff, with extensive experience in the company	#	10	25
	HC-2	Education (Knowledge)	Number of employees with specialized education	The number of employees who having appropriate training	#	15	20
	HC-3	Skills	Number of employees with knowledge of foreign languages	Employees possessing additional skills	#	5	10
	HC-4	Personality	Percentage of employees possessing distinctive customer relationship skills	Employees with higher monthly sales figures demonstrating the proper approach to customers	%	30%	60%
Structural Capital	SC-1	Customer database	Quality of customer database	Amount of information in the database	#	500	750
	SC-2	Procedures	Number of procedures	Number of procedures within the company	#	10	8
	SC-3	internal computer system	Number of support systems	Number of systems that support the exchange of information between the company and the sewing room	#	5	3
	SC-4	System of training	Number of training sessions	Total number of training sessions annually	#	1	5
Relational Capital	RC-1	Client	Number of clients	Total number of clients monthly	#	15	30
	RC-2	Supplier	Number of suppliers	Number of suppliers providing materials	#	5	5

	ID	IC Factor	Indicator	Definition	Unit	Actual value	Planned value
Relational Capital	RC-3	Partners	Number of Partners	Number of partners providing complementary goods	#	3	5