
CONTENTS

Foreword	x
Preface	xiii
Acknowledgments	xix
About the Author	xxv
About this Book	xxvii
1 Mind Over Materialism	1
Do Trade Deficits Diminish Wealth?	6
2 Mind Over Marxism	15
Karl Marx, False Prophet	19
The Marginalist Revolution	22
3 The Economy in Mind	29
The Ash Heap of History	32
“Like a Chrysalis”	43
4 A Flawed Theory—The Old Business Equation	47
The Three Types of IC	49
Negative Intellectual Capital	51
“Analyzing” the Predominant Business Equation	52
5 A Better Theory—The New Business Equation	59
The New Theory	60
Cognitive Dissonance	63
Where Do Profits Come From?	69
Summary and Conclusions	72
6 The Scarcest Resource of All	75
Thomas Sowell and Friedrich Hayek on Knowledge	76
Information Wants to Be Free, Knowledge Isn’t	80
Sapere Aude!	87

7 Ideas Have Consequences	91
New Growth Theory	93
8 The Characteristics of Intellectual Capital	99
Knowledge Is a Verb	100
Defining Intellectual Capital	104
9 Human Capitalism	107
The More Human the Capital, the Less We Can Measure It	112
We Know More Than We Can Tell	118
Karl Marx's Revenge	122
10 Knowledge Workers Are Volunteers	125
People Have Value, Not Jobs	130
Becoming a Lightning Rod for Talent	133
11 Developing and Inspiring Knowledge Workers	139
The Scientific Management Revolution	142
What, Exactly, is Productivity?	148
A Framework for Knowledge Worker Effectiveness	151
Far Fewer Knowledge Workers Than We Think?	156
Sample Knowledge Organizations	161
Personality Testing and Performance Appraisals	166
The Importance of Continuing Education	173
What about Work-Life Balance?	178
Negative Human Capital	182
Summary and Conclusions	184
12 Structural Capital: If Only We Knew What We Know	187
The Economics of Structural Capital	190
Leveraging IC and Creating the World's Second Largest Currency	199
Knowledge Lessons from the U.S. Army	202
Summary and Conclusions	211
13 Social Capital: No Man is an Island	213
Is There Any Accounting for Tastes?	218
Leveraging Social Capital	221
Customers	222

CONTENTS

ix

Reputation and Brands	224
Referral Sources and Networks	226
Suppliers and Vendors	228
Shareholders and Other External Stakeholders	229
Joint Venture Partners and Alliances	230
Industry Associations and Formal Affiliations	232
Alumni	233
Unions	234
Corporate Universities	236
Open Source—Mass Collaboration	244
Cultural, Moral, and Ethical Capital	251
Putting All Your Social Capital Together: The Concierge Service Model	254
Summary and Conclusions	258
14 Knowledge versus Beliefs	259
Profits Come from Risk and Uncertainty	262
Debits Don't Equal Credits	268
Financial Model Reform	277
Summary and Conclusions	283
15 Purpose	285
Vocation: What Is Calling You?	288
Continuously Develop Your Intellectual Capital	295
Adventure	296
Leaving a Legacy	300
Bibliography	303
Suggested Reading	315
Additional Resources	329
Index	333