

2016 Global Most Admired Knowledge Enterprises (MAKE) Report

Executive Summary

Teleos, in association with The KNOW Network, established the Global Most Admired Knowledge Enterprises (MAKE) research program in 1998 to identify and recognize those Parent Organizations (including all companies/divisions/business units/agencies, etc.), Groups or Holding Organizations which are creating shareholder/stakeholder wealth by transforming new as well as existing enterprise knowledge into superior products/services/solutions.

Teleos also conducts the Global Independent Operating Unit (IOU) MAKE study – established in 2010 – to identify and recognize those individual companies/divisions/business units/agencies of Parent Organizations that are creating shareholder/stakeholder wealth by transforming new as well as existing enterprise knowledge into superior products/services/solutions. The Executive Summary of the *2016 Global IOU MAKE Report* is published separately.

The Global MAKE research is based on the Delphi methodology. This technique uses an expert panel's perceptual knowledge to identify and examine critical issues – in the case of the Global MAKE study to identify those Parent Organizations which are leaders in the 21st century knowledge economy. Through several iterations a consensus is developed among the panel's experts. It is this consensus of expert opinion which provides the validity to the Delphi and Global MAKE study results.

A panel of Global *Fortune* Global 500 senior executives and leading knowledge management/intellectual capital/innovation/organizational learning experts selects the Global MAKE Winners. In the Global MAKE study there are three rounds of consensus building. In the first round, members of the expert panel nominate Parent Organizations (profit, non-profit and public sector) located anywhere in the world.

In the second round, each member of the expert panel selects a maximum of three knowledge-driven Parent Organizations from the list of nominations. Those Parent Organizations selected by at least 5% of the expert panel members are recognized as Global MAKE Finalists. In the third and final round, the Global MAKE Finalists are ranked against each of the eight knowledge performance dimensions which form the MAKE framework and are the visible drivers of value creation:

- creating an enterprise knowledge-driven culture.

2016 Global Most Admired Knowledge Enterprises – Executive Summary

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- developing knowledge workers through senior management leadership.
- developing and delivering knowledge-based products/services/solutions.
- maximizing enterprise intellectual capital.
- creating an environment for collaborative enterprise knowledge sharing.
- creating a learning organization.
- delivering value based on stakeholder knowledge.
- transforming enterprise knowledge into shareholder/stakeholder value.

A total of 103 Parent Organizations were nominated as 2016 Global Most Admired Knowledge Enterprises (see Appendix 1). Out of this group, 45 Parent Organizations were recognized as 2016 Global MAKE Finalists (see Appendix 2). A total of 20 Global MAKE Finalists were recognized as 2016 Global MAKE Winners (based on the total composite scores).

The Winners of the 2016 Global MAKE study, conducted by Teleos in association with The KNOW Network, are (in alphabetical order):

- Accenture (Ireland)
- Alphabet (United States)
- Amazon.com (USA)
- Apple (United States)
- ConocoPhillips (United States)
- Deloitte (Global)
- Ecopetrol (Colombia)
- EY (Global)
- Fluor (United States)
- FMC Technologies (United States)
- IBM (United States)
- Infosys Limited (India)
- Microsoft (United States)
- PwC (Global)
- Samsung Group (S. Korea)
- Schlumberger (France/the Netherlands/United States)

- Siemens (Germany)
- Tata Group (India)
- Tesla Motors (United States)
- Wipro Limited (India)

The Global MAKE study is a measure of the *rate* at which an organization is transforming its tacit and explicit corporate knowledge into new enterprise intellectual capital and increased shareholder value (or in the case of non-profit and public organizations, stakeholder capital). Global MAKE Winners are creating long-term enterprise intellectual capital and shareholder value 70% faster than their competitors.

According to Rory Chase, managing director of Teleos, “The 2016 Global MAKE Winners have been recognized as leaders in effectively transforming enterprise knowledge into wealth-creating ideas, products and solutions. Their expanding portfolios of intellectual capital are enabling them to out-perform their competitors during this period of continuing global economic and political uncertainty.”

For the fourth time, Alphabet (formerly Google) has been named the Overall Global MAKE Winner. Past Overall Global MAKE Winners include Apple, General Electric, IBM, McKinsey & Company, Microsoft and Toyota.

KEY FINDINGS

Business leaders, analysts and investors constantly ask: “What are the economic and competitive advantages of pursuing a business strategy based on knowledge leadership?” Based on the findings of the 2016 Global MAKE study, the benefits of this approach are tangible and significant.

Successfully managing enterprise knowledge yields big dividends. The 2016 Global MAKE Winners trading on the NYSE/NASDAQ showed a Total Return to Shareholders (TRS) for the ten-year period 2006-2015 of 13.5% – 1.7 times the average *Fortune* 500 company median.

The Return on Revenues (ROR) for the 2016 Global MAKE Winners was 16.9% – 1.7 times that of the *Fortune* 500 ROR median. The Return on Assets (ROA) for the 2016 Global MAKE Winners was 6.6% – 2.8 times that of the *Fortune* 500 ROA median.

Other findings include:

- Ecopetrol is recognized for the first time as a Global MAKE Winner.

- The oil & gas sector, including firms providing engineering and equipment, is knowledge-driven and this industry includes a significant number of 2016 Global MAKE Winners (20%) and Finalists (16%). Beginning July 2016, the rapid decline in crude oil prices forced the sector to dramatically reduce investments in exploration, construction and equipment. This has had a negative effect on organizational knowledge strategies and transformation of enterprise knowledge into shareholder value. The sector's 2016 and 10-year Total Return to Shareholders (TRS), as well as annual Return on Revenues, Return on Assets, research & development expenditures, etc., have all declined. This, in turn, has reduced many of the 2016 MAKE financial metrics compared to those of previous years.
- This year's Global MAKE Winners excel at creating knowledge-driven organizational cultures, and developing knowledge workers through senior management leadership.
- Organizations around the world are facing leadership challenges in hiring, training and developing knowledge workers. A combination of factors – the retirement of increasing numbers of 'baby boomers' and difficulties in recruiting talented new knowledge workers from the small pool of 'Generation Y' and 'Generation Z' individuals – is forcing organizations to devote significant resources to human intellectual capital management.
- Organizations also continue to struggle to create value through managing other 'people' issues, including improving the skills and capabilities of knowledge workers, creating learning organizations, and working in partnership with customers/stakeholders. Many organizations are failing to address the rapidly changing digital world of social media and the customization of the customer experience in order to create a competitive edge.

2016 GLOBAL MAKE HALL OF FAME

Over the past 19 years, only 65 organizations have been recognized as Global MAKE Winners. Accenture and Microsoft are the only organizations which have been recognized as Global MAKE Winners every year since the MAKE research studies began in 1998.

Another select group of organizations form the 2016 Global MAKE Hall of Fame. These 23 organizations have been Global MAKE Finalists in each of the past five annual studies: Accenture, Alphabet (formerly Google), Amazon.com, Apple, APQC, ConocoPhillips, Deloitte, Ecopetrol, EY, Facebook, Fluor, IBM, Infosys Limited, McKinsey & Company, Microsoft, MITRE, PwC, Samsung Group, Schlumberger, Siemens, Tata Group, Toyota and Wipro Limited.

2016 GLOBAL MAKE WINNERS

The 2016 Global MAKE Winners (in alphabetical order) are:

Accenture (Ireland)

Accenture is recognized in the 2016 Global MAKE study for creating an environment for collaborative enterprise knowledge sharing. Accenture is a 19-time Global MAKE Winner.

Alphabet (United States)

Alphabet (formerly Google) is recognized in the 2016 Global MAKE study for transforming enterprise knowledge into shareholder/stakeholder value (first place). This is the 12th consecutive year that the company has been recognized as a Global MAKE Winner, including 2010, 2014-2016 Overall Global MAKE Winner.

Amazon.com (United States)

Amazon.com is recognized in the 2016 Global MAKE study for developing and delivering knowledge-based products/services/solutions, and transforming enterprise knowledge into shareholder/stakeholder value. This is the fifth time that Amazon.com has been recognized as a Global MAKE Winner.

Apple (United States)

The 2016 Global MAKE panel has recognized Apple for maximizing enterprise intellectual capital (first place). This is the 11th year in a row that Apple has been recognized as a Global MAKE Winner, including 2009, 2011 and 2012 Overall Global MAKE Winner.

ConocoPhillips (United States)

ConocoPhillips is recognized in the 2016 Global MAKE study for developing knowledge workers through senior management leadership. This is the sixth consecutive year that ConocoPhillips has been recognized as a Global MAKE Winner.

Deloitte (Global)

In the 2016 Global MAKE study, Deloitte is recognized for creating a learning organization. This is the fifth time that Deloitte has been recognized as a Global MAKE Winner.

Ecopetrol (Colombia)

The 2016 Global MAKE panel has recognized Ecopetrol for organizational learning. This is the first time that Ecopetrol has been recognized as a Global MAKE Winner.

EY (Global)

The 2016 Global MAKE panel has recognized EY for creating a learning organization (first place). EY is an 18-time Global MAKE Winner.

Fluor (United States)

In this year's Global MAKE study, Fluor has been recognized for creating an environment for collaborative enterprise knowledge sharing (first place). This is the 11th consecutive year that the company has been recognized as a Global MAKE Winner.

FMC Technologies (United States)

In this year's Global MAKE study, FMC Technologies has been recognized for organizational learning. This is the second time that FMC Technologies has been recognized as a Global MAKE Winner.

IBM (United States)

IBM is recognized in the 2016 Global MAKE study for maximizing its enterprise intellectual capital, and creating an environment for collaborative enterprise knowledge sharing. IBM is an 18-time Global MAKE Winner, including 2004 Overall Global MAKE Winner.

Infosys Limited (India)

In the 2016 Global MAKE study, Infosys Limited is recognized for developing knowledge workers through senior management leadership. This is the 12th time that Infosys Limited has been recognized as a Global MAKE Winner.

Microsoft (United States)

Microsoft is cited in this year's Global MAKE study for developing knowledge workers through senior management leadership, and developing knowledge-based products/services/solutions. Microsoft is a 19-time Global MAKE Winner, including 1999 Overall Global MAKE Winner.

PwC (Global)

PwC is cited in this year's Global MAKE study for creating an enterprise knowledge-driven culture. PwC is a 15-time Global MAKE Winner.

Samsung Group (South Korea)

The 2016 Global MAKE panel has recognized the Samsung Group of companies for maximizing enterprise intellectual capital (first place), and delivering value based on stakeholder knowledge (first place). This is the 13th consecutive year that the Samsung Group has been recognized as a Global MAKE Winner, including 2013 Overall Global MAKE Winner.

Schlumberger (France/the Netherlands/United States)

Schlumberger is recognized in the 2016 Global MAKE study for its enterprise-wide knowledge-driven culture (first place), and developing knowledge workers through senior management leadership (first place). Schlumberger is an 11-time Global MAKE Winner.

Siemens (Germany)

The 2016 Global MAKE panel has recognized Siemens for developing and delivering knowledge-based products/services/solutions. This is the 14th time that Siemens has been recognized as a Global MAKE Winner.

Tata Group (India)

The Tata Group is recognized in the 2016 Global MAKE study for maximizing enterprise intellectual capital. The Tata Group is a 10-time Global MAKE Winner.

Tesla Motors (United States)

Tesla Motors is recognized in the 2016 Global MAKE study for developing and delivering knowledge-based products/services/solutions (first place). This is the second time that Tesla Motors has been recognized as a Global MAKE Winner.

Wipro Limited (India)

The 2016 Global MAKE panel has recognized Wipro Limited for creating a learning organization. Wipro Limited is an eight-time Global MAKE Winner.

MAKE RESEARCH PROGRAM

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

The MAKE research program consists of the annual Global MAKE study – the international benchmark for best practice knowledge organizations. In addition, MAKE studies are conducted to identify leading knowledge-driven organizations at the regional/national level, including the Americas, Asia and Europe; and China, Hong Kong, India, Indonesia and Iran.

The *2016 MAKE Report* is available from Teleos. It contains the MAKE rankings, key findings, best knowledge practices, and profiles of winners. The *2016 Knowledge Intensive Sector Leaders Report* ranks global knowledge leaders in over 20 business sectors.

To order a copy of the *2016 MAKE Report* or *2016 Knowledge Intensive Sector Leaders Report*, or for more information on the MAKE research program, contact: Teleos: teleos@mac.com

Appendix 1: 2016 Global MAKE Nominees

This year's Global MAKE panel of experts nominated a total of 103 organizations. They are listed alphabetically:

- Accenture (Ireland)
- Aditya Birla Group (India)
- Alphabet (USA)
- Amazon.com (USA)
- Apple (USA)
- APQC (USA)
- Arup (United Kingdom)
- ASUSTek Computer (Taiwan)
- Atlassian (Australia)
- Atos (France)
- Baker Hughes (USA)*
- BASF (Germany)
- BMW (Germany)
- Boeing
- Capgemini (France)
- CGI (Canada)
- CI&T (Brazil)
- Cognizant Technology Solutions (USA)
- ConocoPhillips (USA)
- Continental AG (Germany)
- Cuatrecasas (Spain)
- Daimler (Germany)
- Deloitte (Global)
- Dialog Axiata (Sri Lanka)

- Dyson (United Kingdom)
- eClerx Services (India)
- Ecopetrol (Colombia)
- Eisai (Japan)
- Elbit Systems (Israel)
- Ericsson (USA)
- ExxonMobil (USA)
- EY (Global)
- Facebook (USA)
- Festo (Germany)
- Fluor (USA)
- FMC Technologies (USA)
- Garrigues (Spain)
- Grupo Antolin (Spain)
- HCL Technologies (India)
- IBM (USA)
- Inditex (Spain)
- Infosys Ltd. (India)
- ING (the Netherlands)
- International Olympic Committee (Global)
- Irizar (Spain)
- John Deere (USA)
- Johnson Matthey (United Kingdom)
- Kapsch (Austria)
- Kaspersky Lab (Russia)
- KPIT Technologies (India)
- KPMG (Global)
- LEGO (Denmark)
- Lockheed Martin (USA)

- Mars (USA)
- McKinsey & Company (Global)
- Mercadona (Spain)
- Mercer (USA)
- Merck & Co. (USA)
- Microsoft (USA)
- Mindtree (India)
- MITRE (USA)
- NCR (USA)
- New Oriental Education & Technology Group (China)
- NextEra Energy (USA)
- Novartis (Switzerland)
- Novo Nordisk (Denmark)
- Oracle (USA)
- Orbea (Spain)
- Orona (Spain)
- Petrobras (Brazil)
- Petronas (Malaysia)
- Phillips 66 (USA)
- POSCO (S. Korea)
- Promon Engenharia (Brazil)
- PwC (Global)
- Reliance Industries (India)
- Repsol (Spain)
- Royal Dutch Shell (Netherlands/United Kingdom)
- Royal Philips Electronics (the Netherlands)
- Samsung Group (S. Korea)
- SAP (Germany)
- Schlumberger (France/the Netherlands/United States)

- Schneider Electric (France)
- Siemens (Germany)
- Starbucks (USA)
- STMicroelectronics (Switzerland)
- Straits Knowledge (Singapore)
- Tata Group (India)
- Tesla Motors (USA)
- Tetra Pak (Switzerland)
- The Goodyear Tire & Rubber Company (USA)
- The Williams Companies (USA)
- Thomson Reuters (Canada/USA)
- TIBCO Software (USA)
- Toyota (Japan)
- Ugam Solutions (India)
- Uria Menendez (Spain)
- USAA (USA)
- Vale S.A. (Brazil)
- Vitesse Solutions (USA)
- Wipro Limited (India)
- Woods Bagot (Australia)
- World Bank Group (Global)

* An independent company at the time of this year's Global MAKE study. Baker Hughes and Halliburton terminated the merger agreement in May 2016. In October 2016, General Electric announced the acquisition of Baker Hughes.

Appendix 2: 2016 Global MAKE Finalists

A total of 45 organizations were recognized as 2016 Global MAKE Finalists (based on nominations from at least 5% of the Global MAKE expert panel). They are listed alphabetically:

- Accenture (Ireland)
- Aditya Birla Group (India)
- Alphabet (USA)
- Amazon.com (USA)
- Apple (USA)
- APQC (USA)
- Arup (United Kingdom)
- Atos (France)
- BASF (Germany)
- BMW (Germany)
- ConocoPhillips (USA)
- Deloitte (Global)
- Ecopetrol (Colombia)
- EY (Global)
- Facebook (USA)
- Festo (Germany)
- Fluor (USA)
- FMC Technologies (USA)
- Garrigues (Spain)
- HCL Technologies (India)
- IBM (USA)
- Inditex (Spain)
- Infosys Ltd. (India)
- International Olympic Committee (Global)

- LEGO (Denmark)
- McKinsey & Company (Global)
- Microsoft (USA)
- MITRE (USA)
- New Oriental Education & Technology Group (China)
- NextEra Energy (USA)
- Novo Nordisk (Denmark)
- Phillips 66 (USA)
- PwC (Global)
- Royal Dutch Shell (Netherlands/United Kingdom)
- Samsung Group (S. Korea)
- SAP (Germany)
- Schlumberger (France/the Netherlands/United States)
- Siemens (Germany)
- Tata Group (India)
- Tesla Motors (USA)
- Tetra Pak (Switzerland)
- Toyota (Japan)
- The Goodyear Tire & Rubber Company (USA)
- Wipro Limited (India)
- World Bank Group (Global)