



Keynote: **“The 5 Principles of Homeland Security”**

**Remarks by Debra M. Amidon**

Founder and CEO, ENTOVATION International Limited  
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Dear Conference Colleagues and Distinguished Guests:

Ours is a future to innovate...

In a World Development Report (1999), It was reported: “Information at the speed of light. Instant communication. Satellite services can place information on any spot with the precision of a surgeon’s knife. Our planet is ringed with data that practically circles the globe, binding one continent to another. We have become a global village, where a sneeze in the Tundra can be heard in Antarctica.”

Indeed, we have evolved to a Knowledge Economy where people are not now asking ‘if’; they are asking ‘how’ – how do we take advantage of the opportunities afforded by a global economy in which knowledge is the production asset to be harnessed, innovation is the process where knowledge is created, converted into products and services and commercialized in a worldwide market - all enabled by unprecedented advances in technology.

Since 1987 – and with some writings even before – we have witnessed an evolution in which the OECD, The World Bank, the United Nations and now even the World Economic Forum – have embraced the concepts of intellectual capital and collaborative learning on a worldwide scale. We have witnessed the fall of the Berlin wall, the transformation of transitional economies and the emergence of global connecting of minds in corners of the world we never dreamed possible.

Change was inevitable...and constructive change is innovation.

We knew the current conditions – founded on models of financial capital – even linked with technology in the form of the dot.com – were built upon unstable (or perhaps incomplete) economic assumptions. The technology/productivity paradox must be resolved – and once and for all. The behavior implications of the new Knowledge Value Proposition are fundamental to that resolution. And we must plan for the world we want to innovate, not the one that exists today.



## What have we learned?

Knowledge has emerged as the strategic focus for business and has been growing in importance over the last decade. Of course, Peter F. Drucker described the knowledge worker as long ago as 1963. Ever since the early descriptions, interest in knowledge as a lever of strategy and the number of organizations with formal knowledge programs has grown inexorably.

- We've learned that in the new domain of *Knowledge Economics*, what we count matters. As imprecise as it may seem, we need to calibrate is the intangible, hidden, intellectual wealth of an enterprise – how it is created and leveraged.
- We've learned that the *Knowledge Structures* operate as holonomies – nesting of networks - with both local and global scope. We need to understand how they operate as communities and spheres of influence.
- We've learned that *Knowledge Workers* – although originally described as high technology or white collar – includes everyone; we all have a role to play. We need to determine what motivates entrepreneurial behaviors – new modes of interdependence and collaboration.
- We've learned that all *Knowledge Processes* can fit under a rubric of innovation - but innovation redefined according to the flow of knowledge. We need to make the process explicit and discover ways to measure performance – how knowledge is created, shared, and applied.
- We've learned the power of *Knowledge Processing Technology* – advancing in features and receptivity beyond our wildest dreams. We've learned that technology isn't an end but a means for prosperous innovation. We need to find ways to take advantage of the advancements and uses it as an instrument in the new economy.

Understanding of these complex facets – and the interdependencies thereof - provide a solid foundation for sustainable economic development.

We have now been examining over 100+ initiatives from 40 nations to build what we call - Knowledge Innovation Zones - in the form of knowledge cities, harbors, villages, regions and nations. Most – if not all - of these programs have a substantial e-government component, usually well funded. These programs are



integrated into the economic viability of the country; and this should also be the case in America. The prosperity of individuals, enterprises and our nations relies upon knowledge as the resource and innovation as the process.

## **Principles of Homeland Security**

On 9/11/01, the world changed...forever. In the words of Prime Minister Tony Blair, *"The kaleidoscope has been shaken. The pieces are in flux; soon they will settle again. Before they do, let us reorder the world around us."*

We've had a chance to absorb the tragedy, gain some perspective and begin thinking about what actions we might take as individuals and organizations. We can now appreciate the dynamics of 'kaleidoscopic change.' It is not the speed of change of a variable, nor the speed of change of multiple variables. It is the compounding effect of the speed of change of multiple variables that has created a management landscape unfamiliar to us all. On 9/11, everything changed.

As have many Americans – and citizens of the world for that matter, these events have given us great pause for reflection. Now, it is time to construct a platform for action that provides a foundation for protection of our future. Indeed, this crisis affords us an opportunity – and a global one at that – to architect a commonality of purpose that transcends any particular culture or spiritual orientation. This is a chance to value the diversity of perspectives; and come to a common language and shared vision of what might be possible. Together, we could crystallize a compelling message for leaders of this new world that is 'innovating' before our eyes.

### **Principle 1: *The best defense is an OFFENSE.***

When people are wounded – either physically or emotionally – the tendency is to withdraw. This is essential to deal with immediate injuries and to develop some strategies to prevent further injury. However, depending upon the magnitude of the infliction, the results can lead to panic and paralysis. These conditions lead to increased fear, additional downsizing and protectionist actions that exacerbate the problem. Bad economic conditions produce bad economy...produce low morale...produce no risk-taking...produces bad economic conditions...etc. It is a death spiral without a forward agenda to motivate, inspire action. All the innovation (i.e., responsible risk-taking) gets squeezed out of the system...at precisely the same time it is needed. So, make progress and move forward.



**Principle 2: *The battle is an ECONOMIC one, not necessarily military.***

Although the attacks on the World Trade Center and subsequent apparent biological warfare, we must not forget that the military response is only part of the solution. The heart of the invasion is on the financial capital of the world and the supporting infrastructure. The damage to human life is evident; the real damage to the quality of life is incalculable: the numbers unemployed, the stagnation of investment, the damage to small, medium and large-scale enterprises across every industry, and the loss of world trade – all have implications far beyond the boundaries of the United States.

**Principle 3: *KNOWLEDGE (not technology) is the engine of economic prosperity.***

We now know that knowledge – in the form of ‘intellectual capital’ – is the most precious resource to be managed; and unlike land, labor and financial capital, it is an asset that multiplies. It is the one resource – in coordination with environmental conditions – that leads to the prosperity of a company or a country. The Knowledge Economy – as opposed to a digital or information economy – affords us a human and humane agenda within which the potential of every person is valued. It is the agenda that had leveled the playing field and enabled all nations – developing and industrialized – to envision modern management policies and practices. Knowledge – in the form of imagination coupled with action – is what enables us to envision a world that doesn't yet exist.

**Principle 4: *INNOVATION is the process by which knowledge is created and harnessed.***

If knowledge – embedded in the learning capacities of people - is the resource to be managed, then innovation is the process whereby visions are realized. According to Peter F. Drucker, it is the one competence for the future. Therefore, innovation strategy – developing the capability to create, share and apply knowledge - is a process that should not be left to serendipity. Innovation operates on all three economic levels: the profitability or prosperity of an enterprise (micro-economic), the vitality of a nation's economy (meso-economic) and the advancement of society (macro-economic). It is the one process around which can be created a common language and a shared vision.

**Principle 5: *Any national strategy must be international and COLLABORATIVE in scope.***

Although there are definite implementation boundaries, no strategy – even one for National Defense – can be developed as an ‘island’ in this global economy. We



have too much to learn from one another as a way of dealing with the inevitable complexities and uncertainties. The days of developing competitive advantage may finally be dead. Instead, nations will discover ways to leverage the uniqueness of their heritage and culture with strategies to develop new, better standards of excellence. With 9/11, we have an opportunity to shape our new vision for leadership in the world.

### **A Vision–In-Progress**

The foundation for a new economic order has been laid. This does not mean the answers are known, but there exists a better understanding of the elements of the infrastructure and the right questions to be addressed. This is a very different paradigm from previous agricultural, industrial, or service economies. It is one that truly rests on the value of human potential and how it might be systematically leveraged for the benefit of mankind. The challenge is to determine the integral linkage between human potential and economic performance.

This vision - as articulated from the of the Entovation 100 – suggests that something of unprecedented significance and transnational in scope is emerging.

*A new economic world order  
Based upon the flow of knowledge – not technology,  
Innovation value systems – not chains,  
Stakeholder success - not satisfaction, and  
International collaboration – not competition.*

The changes are far more fundamental than people realize. And all the focus on knowledge has always been actually a focus on innovation. But people were locked into the traditional – 50 years old industrial management models of managing things. This transformation is a human one – and a humane agenda that touched the heart and minds of all peoples of the world.

The world is now our manageable landscape. Connections are made East-to-West, North-to-South with many nodes in between. But *The Innovation SuperHighway* is not only a physical infrastructure, albeit technical and electronic. It is human – a function of insight, interaction and imagination resident in the minds, hearts and hands of people around the globe.

Imagine a transnational community in which the collective learning of all participants — employees, academics, government officials and other stakeholders



— is applied to the problems that plague society. Imagine an environment in which intellectual pursuits, pushed to the leading edge of a given field, provide insight to capitalize upon global opportunities that advance the state of the art and the state of the practice simultaneously. Imagine a network of interdependent individuals, departments and research centers linked across the globe to share and leverage the knowledge of one another through symbiotic partnering. By definition this community operates as a formal and informal nesting of networks.

The future belongs to those able to traverse boundaries (e.g., disciplines, social and civic communities, etc.) Innovation is the hands of those able to make connections that weren't there before. The process can be managed systematically – or at least architected – rather than to leave the future to serendipity

### **In summary:**

It seems as though the United States has a real mandate to develop a knowledge strategy for the nation that would help transform our economy and (re)position it properly in a new form of world leadership...with an integrated initiative to harnesses our national innovation program in a global context and with an economic vision – one based upon the flow of knowledge and harnessing collaborative advantage.

Now is the time for “courageous leadership,” but the term may never apply elsewhere as it does for the talent inside this nation. The world is watching our efforts now. We have been and always will be – a cradle of thinking and diversity; and now, more than ever before, our insights and actions are needed. But the rules have changed and the new ones are being innovated. We must orient ourselves to the interdependent world John F. Kennedy referenced decades ago.

The United Nations was created to maintain political stability around the world. The World Bank and the IMF were created after World War II to ensure the movement of financial capital. Today we need a similar infrastructure for the worldwide flow of intellectual capital. If knowledge is the modern asset – the most precious resource - of the 21st Century, we have a premise behind the need to create *The Innovation SuperHighway* for the World Trade of Ideas.

In July 1944, world leaders left behind gold as a currency. Today, it is well recognized that we have entered a new [innovation] frontier in which intellectual capital – properly leveraged through relationship capital – is rapidly becoming the new currency. It has been 60+ years since Henry Morganthau issued his challenge at the Bretton Woods conference to “Create a dynamic world community in which



the peoples of every nation will be able to realize their potentialities for peace". Perhaps now is the time for the Bretton Woods of the knowledge economy...and maybe here is where it can begin.

The Knowledge Economy affords us a platform for world peace, nothing less. I hope these thoughts have provided you a new perspective on your position and realize that what you do in the course of a day does make a contribution to your enterprise and the well-being of our nation. Our knowledge profession is one dedicated to ensuring that our children inherit a country and leadership heritage of which they can be proud. History will document how well this transition is led.

Let me know your progress...