
Marketing Accountability Standards

Improving Financial Reporting Overview

James Gregory, CEO
CoreBrand
Founding Advisor of MAC
February 2012
St Pete, FL



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Issue

- **Marketing & finance practitioners agree**
 - It is marketing's job to create, build & sustain brands
 - They produce current & future economic benefits for the firm
 - They are an important intangible asset owned by the enterprise
- **Marketing's activities are designed to**
 - Enhance the strength of the brand among customers
 - In a manner that positively impacts market and financial returns
 - Short term and over time
- **There are no generally accepted standards for measuring the success of this marketing function**
- **The BIV Team is addressing this issue by establishing “generally accepted brand investment & valuation standards”**
 - General “principles”
 - Standards/Methodology w/Examples
 - Generic model to value brands & guide investment decisions

Issue (cont)

- At the same time, without appropriate changes in the financial accounting and/or reporting rules
 - Brand valuations will continue to be conducted by accountants
 - Without marketing input/metrics
- And marketing activities will continue to be managed
 - As “discretionary” expense
 - Not as strategic investment that adds value to the firm
- It makes no sense that brand valuations have no marketing input
 - Brand value lies in the hearts, minds & hands (choices) of customers
 - Can be measured in a manner that ties to market & financial return (BIV)
- But finance/accounting has heretofore believed our story
 - Marketing is an art (in their terms “soft”)
 - Can’t be measured with direct links to financial return
- We must be invited to their table and demonstrate otherwise
 - Take control of our territory (self-govern)
 - Move up the food chain (with their help)

Objectives of IFR Project

Partner with the Financial Reporting and Investment communities for improving the accounting and/or reporting rules related to marketing such that financial returns from corporations will be driven and measured by buyer behavior in markets over time*.

* Buyers might be consumers, customers, investors, etc.

Feasibility

- **Financial reporting/investment bodies have shown interest**
 - Reporting of intangibles
 - Addressing the MASB (FASB, FASRI, CFAi, IASB, IIRC)
 - Partnering with others (like MASB)
- **MASB well positioned to become partner of choice**
 - For improving marketing related standards
 - Having practice & technical expertise
 - To support 21st Century change
- **Developing standards for Investing in & Valuing Brands**
 - Aligning marketing expenditures w/financial return
 - Info to capital providers not available under current rules
 - Vital to making more informed investment decisions

What's in it for marketing community?

Partnering to improve financial reporting will

- Require firms to apply marketing measurement & accountability standards consistently & comprehensively
- Achieve discipline & rigor in investment decisions & budgeting
- Position marketing as masters of their own territory & destiny
- Avoid external intervention from finance/government
- Create value for all, including
 - Better/more transparent reporting
 - Increase in Marketing ROI
 - Predictable & consistent organic growth
 - Improvement in corporate profitability
 - More/better offerings at less cost to meet needs of society



Thank-you!



**Marketing Accountability Standards Board
of the Marketing Accountability Foundation**