
MASB Standards Project

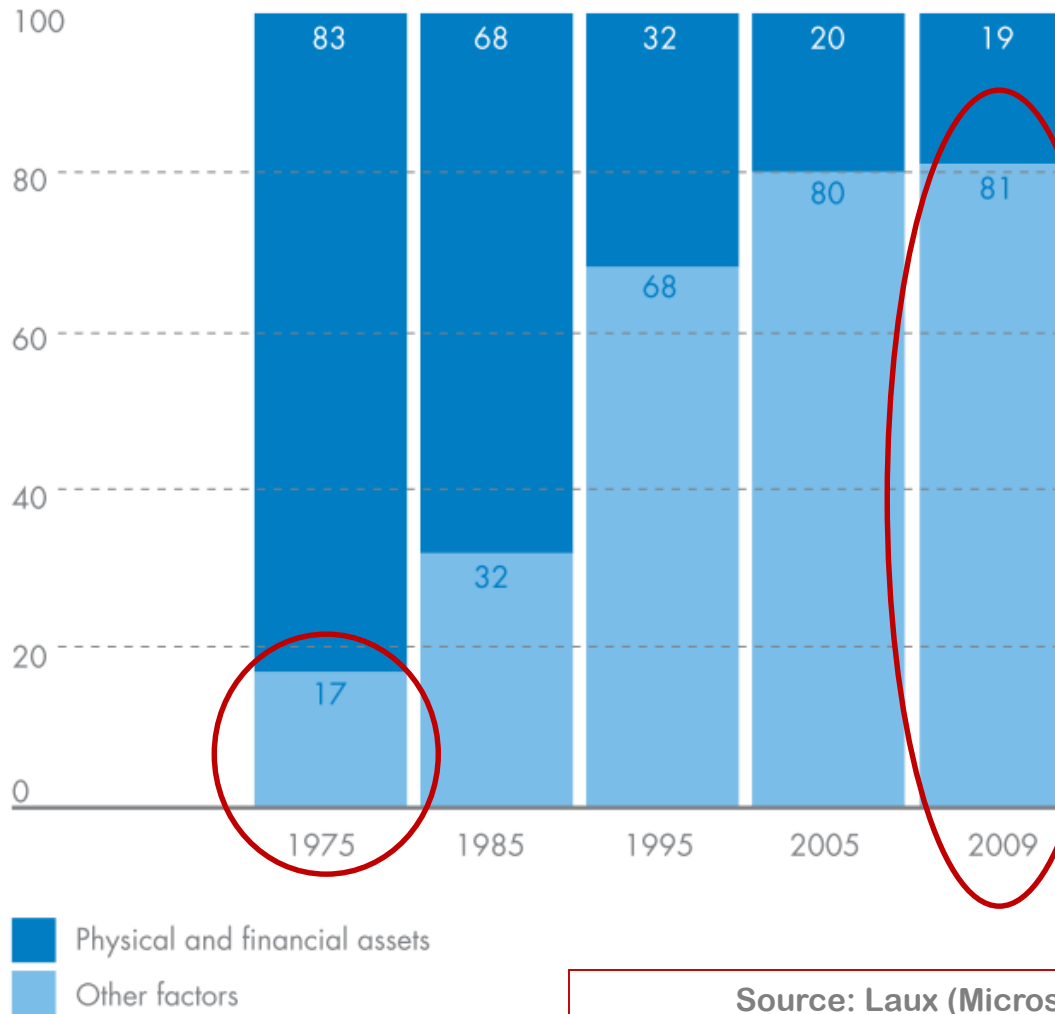
Improving Financial Reporting (IFR) Project Review & Status

**Jim Gregory
CoreBrand
Founding MASB Advisor
Co-Lead IFR Project
February 2014
Orlando**



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





Components of S&P 500 market value



How much the brand(s)?

The percentage of market value represented by physical and financial assets versus intangible factors, some of which are explained within financial statements, but many of which are not.

Value of Brand is Sizable

2010 - 2012					BV AVG	Mkt Cap	%
Amazon	10.9	19.9	33.1	13.6	19.4	94.0	21
Apple	66.5	40.0	139.8	43.8	72.5	411.5	18
Coca-Cola	31.5	30.6	72.0	73.4	51.9	159.7	33
GE	36.4	31.9	47.1	43.1	39.6	221.8	18
Google	34.9	41.6	111.2	56.2	61.0	220.2	29
IBM	31.2	36.3	101.1	68.8	59.4	221.3	27
McDonalds	16.7	21.4	80.7	36.4	38.8	91.6	45
Microsoft	40.5	40.7	77.1	59.3	54.4	242.1	23
Toyota	22.6	26.0	22.6	28.1	24.8	142.4	18
AVG	\$32B	\$32B	\$76B	\$47B	\$47B	\$200B	26%

While absolute values do differ by method...overall, the Corp Brand represents 26% of the firm's total Market Cap for these Top Brands. What other unaccounted for "intangible" could be quite that sizable?

IFR: Other Game Changer

Project	Improving Financial Reporting (IFR) (Gregory & Moore)	Strategy Partner w/financial reporting & investment communities, and educate re: Brand is a Cash Generating Unit & sizable intangible asset...so that financial returns from corporations will ultimately be driven and measured by buyer behavior in markets.
Issue Addressed	Intangibles >80% of Corp Value (need better info)	
Project Objective	Marketing at table when reporting of Brand Value is required for all brands	
Expected Outcome	Brand Value as KPI and/or MD&A Notes... better info for capital providers	
When	2015	

IFR Milestones



El Frame-Up 5/10

Leaders & Plan 8/10

Action Plan 10/11 +

FASB 8/10 & 2/11

ISO 2/11

CFA 8/11 & 8/13

IASB 2/12

IIRC 2/12 & 2/13

KPI.MDA Notes 6/12

CFR Paper 12/12

ISO Response 4/13

FASB Response 5/13

IIRC Response 6/13

Paradox Paper 7/13

JFT Paper 10/13

FASB 6/13

Def Intangibles 8/13

IFR Panel 2/14

In dialogue with



The FASB and Accounting Standards-setting

Sue Bielstein, Director of Planning and Support

FASB

Presentation to MASB (August 2010)



One Accounting Professor's Perspective on MASB's Objectives

Robert Bloomfield, Cornell University

Director, Financial Accounting Standards Research Initiative (**FASRI**)

Presentation to MASB (February 2011)



ISO 10668: Brand Valuation

Christopher Schotz, Chairperson

ISO Committee on Brand Valuation

Presentation to MASB (February 2011)

In dialogue with (cont)



Brand from the Investor Side

Wendy Pirie, Director Curriculum Projects
Education Division at [CFA Institute](#)
Presentation to MASB (August 2011)



Fair Value Measurement & IFRSB Agenda

Hilary Eastman, Leader Investor Liaison Program
[IFRSB](#)
Various emails & guidance (May 2011 – Feb 2012)



Communicating Value in the 21st Century

Change in Requirements for Reporting Intangible Assets

Bob Laux, Sr Director Accounting & Reporting
Microsoft Corporation

Working Member, International Integrated Reporting Council ([IIRC](#))
Member of the Global Preparers Forum (IFRSB)
Presentations to MASB (February 2012)

In dialogue with (cont)



Improving Financial Reporting: Financial Analyst Perspective

Michael Corty, CFA, Senior Equity Analyst

Morningstar

Presentation to MASB (August 2013)



Integrated Reporting: What it is and Where it Stands

Lisa French, Head of External Relations

International Integrated Reporting Council (**IIRC**)

Presentation to MASB (February 2013)

Education: October 2013

Journal
Article
Journal 38

Aligning Marketing and Finance with Accepted Standards for Valuing Brands

James Gregory
Michael Moore

Journal

The Capco Institute Journal of Financial Transformation



Recipient of the Apex Awards for Publication Excellence 2008-2013

Zicklin-Capco Institute Paper Series in Applied Finance
#38^{10.2013}

CAPCO FORMING THE FUTURE OF FINANCE

HIGH-LEVEL DEBATE

Aligning Marketing and Finance with Accepted Standards for Valuing Brands

James Gregory – Founder and CEO of CoreBrand

Michael Moore – Professor in Residence of Accounting at the Loyola Marymount University

Abstract

With this paper we hope to create awareness and support among the financial community for the need to have consistent brand measurement and metrics that tie investments in corporate and product brands to financial value. There are many obstacles to overcome before the financial community accepts such brand value measurements. Our initial proposal suggests that brand value created (or lost) by the investment in brands be reported in the Management Discussion and Analysis section of the financial reports. This will promote a consistent methodology for valuing brands for internal management purposes and will provide to all external parties full disclosure about the benefits and value created (or lost) by investment in brands.

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Proposed Note(s) for MD&A (6/29/12)

Product brand value:

“As of June 30, 2012, the senior management of Gadget Corporation value the Widget Brand at \$2.9B, up 7% from year ago, and 20% over the past 3 years. We estimate this value using the methodology provided by ValuePack LLC, a MASB qualified Brand Valuator.”

Corporate brand value:

“We, the senior management of Alpha Corporation, believe the value of our corporate brand, as of December 31, 2011, is \$26.4 billion, up 2.7% from year ago, and down 3.8% over the past 3 years. We estimate this brand value using the methodology provided by BrandTop, LLC, a MASB qualified Brand Valuator.”

IFR Next Steps

- Introduce IFR Panel (Today)
- Write & place IFR Panel Paper
- Examine currently used BV methods, Relief of Royalty
- Participate if Chinese/ANSI/ISO BV project approved

IFR Team

Team Leaders



Jim Gregory
CoreBrand



Michael Moore
UCR

Team Heroes



Roger Sinclair
At-Large



Dave Stewart
LMU



Becky Gregory
CoreBrand



Edgar Baum
Brand Finance

Admin



Meg Blair
MAF/MASB



Allan Kuse
MMAF Center

Team Meets: 4th Friday at 11:00 ET



Thank-you!



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