
MASB Standards Project

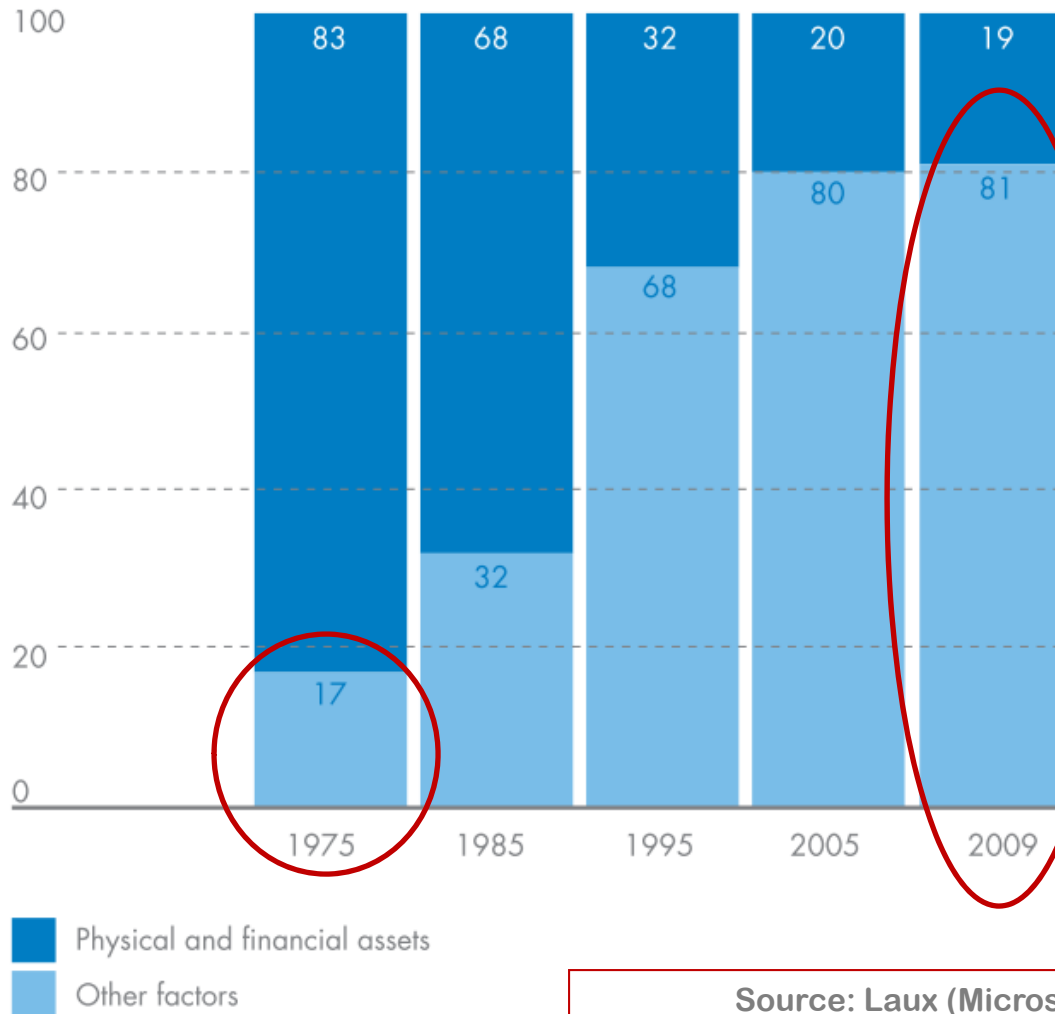
Improving Financial Reporting (IFR) Project Review & Status

**Jim Gregory, Tenet Partners
Founding MASB Advisor
Co-Lead, IFR Project
August 2015
Chicago**



**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

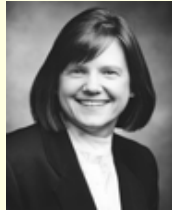
2010 - 2012					BV AVG	Mkt Cap	%
Amazon	10.9	19.9	33.1	13.6	19.4	94.0	21
Apple	66.5	40.0	139.8	43.8	72.5	411.5	18
Coca-Cola	31.5	30.6	72.0	73.4	51.9	159.7	33
GE	36.4	31.9	47.1	43.1	39.6	221.8	18
Google	34.9	41.6	111.2	56.2	61.0	220.2	29
IBM	31.2	36.3	101.1	68.8	59.4	221.3	27
McDonalds	16.7	21.4	80.7	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	

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)



Brand from the Investor Side

Wendy Pirie, Director Curriculum Projects

Education Division at **CFA Institute**

Presentation to MASB (August 2011)

In dialogue with (cont)



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**)
Presentations to MASB (**February 2012**)



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**)

The IFR Panel (February 2014)



Esther Mills
President & Founder
Accounting Policy Plus
MASB IFR Team Attaché



Sandy Peters
Head, Financial
Reporting Policy Group
CFA Institute



Michael Moore
Professor of Accounting,
Loyola Marymount University
MASB Member & Advisor



Kunal Kahara
Director,
BlackRock



Justin Nash
Vice President,
BlackRock



Jennifer Hillenmeyer
Practice Fellow,
Financial Accounting
Standards Board (**FASB**)

FASB, CFAI, BlackRock, Panel 2014 Summary

- Most important is to align Finance & Marketing sides of the house - make sure those who have to do the work understand what is coming and why (BIV Team, well underway)
- Finish the BIV project/model for internal management application - how to manage/invest in the brand/asset for future growth and cash flows (BIV Team, 2015)
- Keep Panel of FASB, CFAI, BlackRock, et al abreast of progress with BIV model & application w/preparers (IFR Team, ongoing)
- Continue education activities regarding the brand as a cash generating unit & sizable intangible asset (IFR Team, on-going)
- and that measuring its value w/MASB “generally accepted brand investment & valuation standards” will give valuable insight into future cash flows (IFR Team, on-going)
- Over time, work w/accountants to resolve issues surrounding impact on Income Statement, Debits & Credits, Impairment rules, etc. (IFR Team, when time comes)

MASB “Game Changer” Teams (BIV & IFR) are following the steps given us by the Standard Setters and Investment Communities in Feb 2014.

MASB Winter Summit 2015



Steve Sherman, Chairman
IVSC Standards Board

IFR team will pursue relationship after IVSC reorganization

IFR Milestones (2010 – 2013)



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 Milestones (2014 & Since February Meeting)



IFR Panel 2/14

JOBM Paper 5/14

MSI JOBM 7/14

Preparer Issues 8/14

Economist 8/14

CFO.com 9/14

CFO TL 11/14

POB 1/15

CFO.com 4/15

IFR Team

Team Leaders



Jim Gregory
Tenet Partners



Michael Moore
LMU

Team Heroes



Roger Sinclair
At-Large



Dave Stewart
LMU



Edgar Baum
Brand Finance

Admin



Meg Blair
MAF/MASB



Allan Kuse
MMAF Center

Team Meets: 4th Friday at 11:00 ET

IFR Next Steps

- Continue education process w/more papers & articles
- Keep updated & coordinated with ISO/TC 289
 - Another approach to Brand Evaluation
- Keep relationship with IVSC during reorganization
- Develop other financial community partners as appropriate
- Update financial community partners on BIV progress
- Consider Corporate Brand...

**Thank-you, but
there's a bit more...**



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