

MASB Standards Project

Improving Financial Reporting (IFR)

Edgar Baum, Strata Insights
MASB Advisor

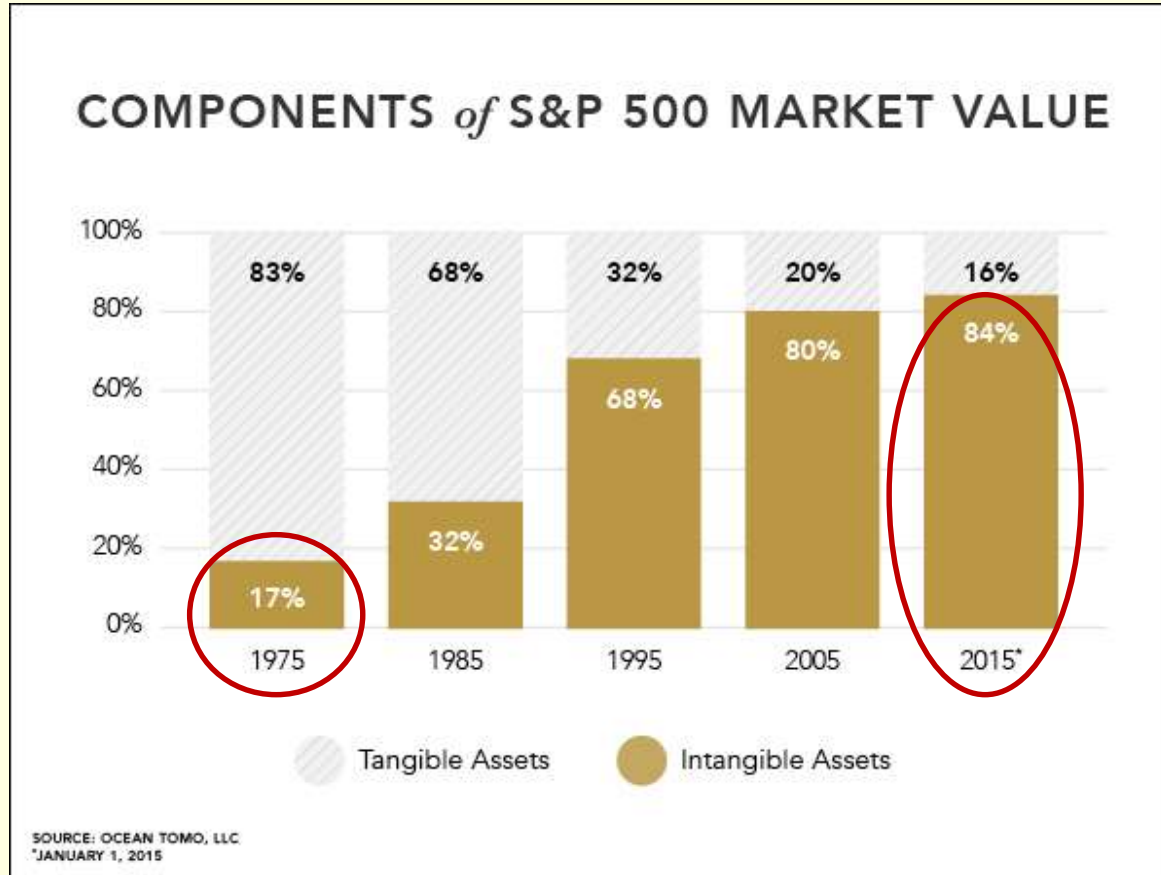
August 2017
Boston

10 Year Anniversary



Marketing Accountability Standards Board
of the Marketing Accountability Foundation

Value of Intangible Assets Growing*



Brands represent a portion, but how much? They need to be accounted for...

Share of Intangibles:

Global = 52%*

US Public Cos= 70%*

* *Brand Finance 2016*

IFR Game Changer

Project	Improving Financial Reporting (IFR) (Moore & Baum)	Strategy Partner w/financial reporting & investment communities, and educate re: brands are cash generating units & sizable intangible assets...so 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, MD&A Notes or B/S... better info for capital providers	
When	2018	

In dialogue with (2010-2012)...

FASB
(2010)



The FASB and Accounting Standards-setting, Sue Bielstein, Director of Planning and Support
Financial Accounting Standards Board, Presentation to MASB ([August 2010](#))

FASRI
(2011)



An Accounting Professor's Perspective on MASB's Objectives, Robert Bloomfield, Cornell University
Director, Financial Accounting Standards Research Initiative, Presentation to MASB ([February 2011](#))

ISO
(2011)



ISO 10668: Brand Valuation, Christopher Schotz, Chairperson, ISO Committee on Brand Valuation
Presentation to MASB ([February 2011](#))

CFAI
(2011)



Brand from the Investor Side, Wendy Pirie, Director Curriculum Projects, Education Division CFA Institute
Presentation to MASB ([August 2011](#))

IFRSB
(2011/12)



Fair Value Measurement & IFRSB Agenda, Hilary Eastman, Leader Investor Liaison Program, International
Financial Reporting Standards Board, Various emails & guidance ([May 2011 – Feb 2012](#))

IIRC
(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, Presentations to MASB ([February 2012](#))

In dialogue with (2013-2014)...

IIRC
(2013)



Integrated Reporting: What it is and Where it Stands, Lisa French, Head of External Relations, International Integrated Reporting Council, Presentation to MASB (February 2013)

**Morning-
star**
(2013)



Improving Financial Reporting: Financial Analyst Perspective, Michael Corty, CFA, Senior Equity Analyst, Morningstar, Presentation to MASB (August 2013)

Financial Panel
(2014)



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

CFAI



Sandy Peters, Head, Financial Reporting Policy Group, Certified Financial Analyst Institute

FASB



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



Justin Nash, Vice President, Blackrock



Kunal Kahara, Director, BlackRock



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

In dialogue with (2015-2017)...

IASB
(2015)



Valuing & Reporting Brands as Assets: Post IFRS3 Preparer Review, Plotting a Course for MASB, Roger Sinclair, MASB Advisor, , Presentation to MASB (August 2014)

IVSC
(2015)



The IVSC an Intangible Assets, Steve Sherman , Chairman, International Valuation Standards Board, Presentation to MASB (February 2015)

ANSI/ISO
(2016)



ISO TC 289, Gerhard Hrebicek, President, EBI, Co-presentation to MASB (August 2016)



ISO TC 289, Bobby Calder, Northwestern, MASB Advisor, Co-presentation to MASB (August 2016)

IIRC
(2016)



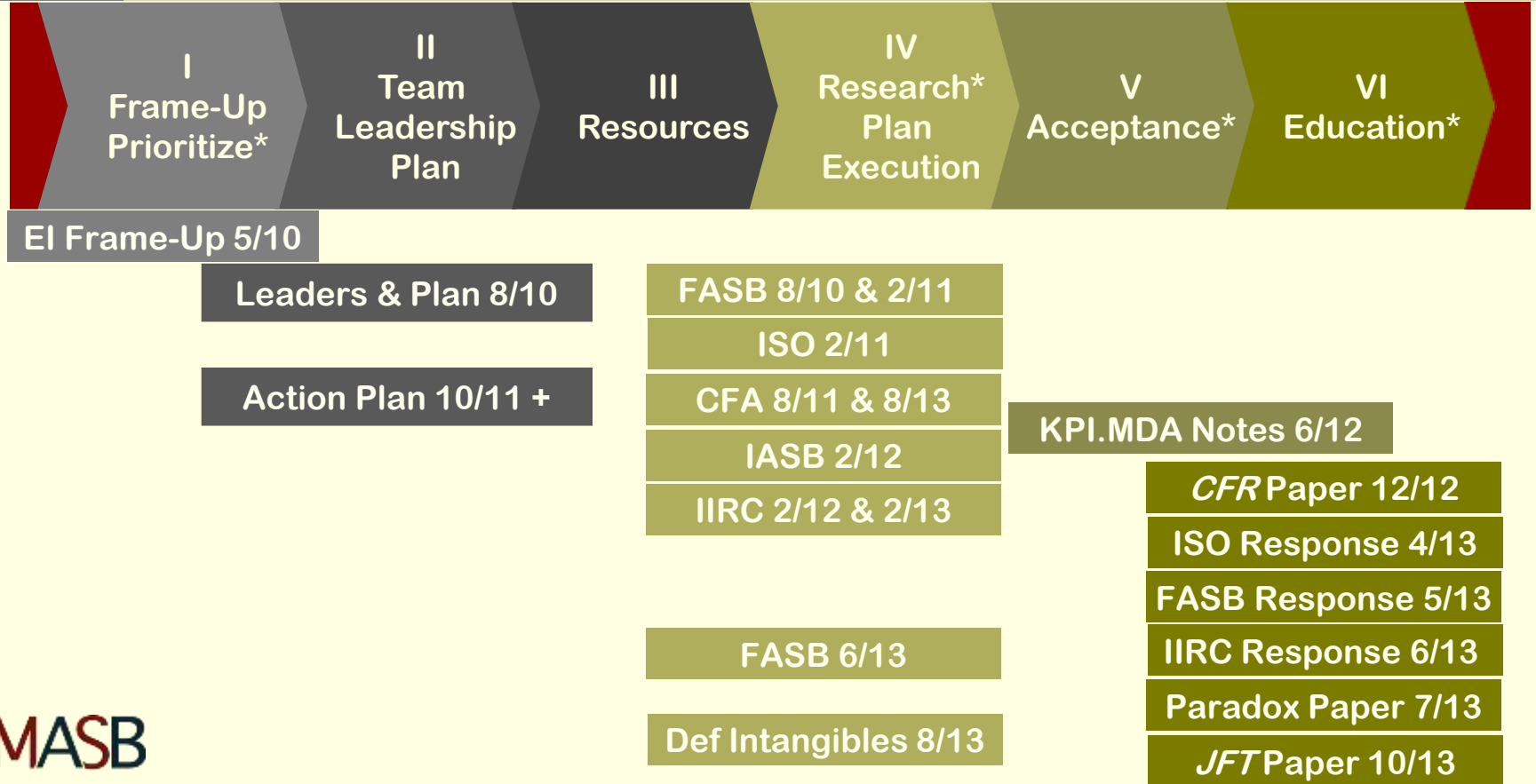
Integrated Reporting, Lisa French, Chief Technical Officer, IIRC, Presentation to MASB (August 2014)

FASB
(2017)

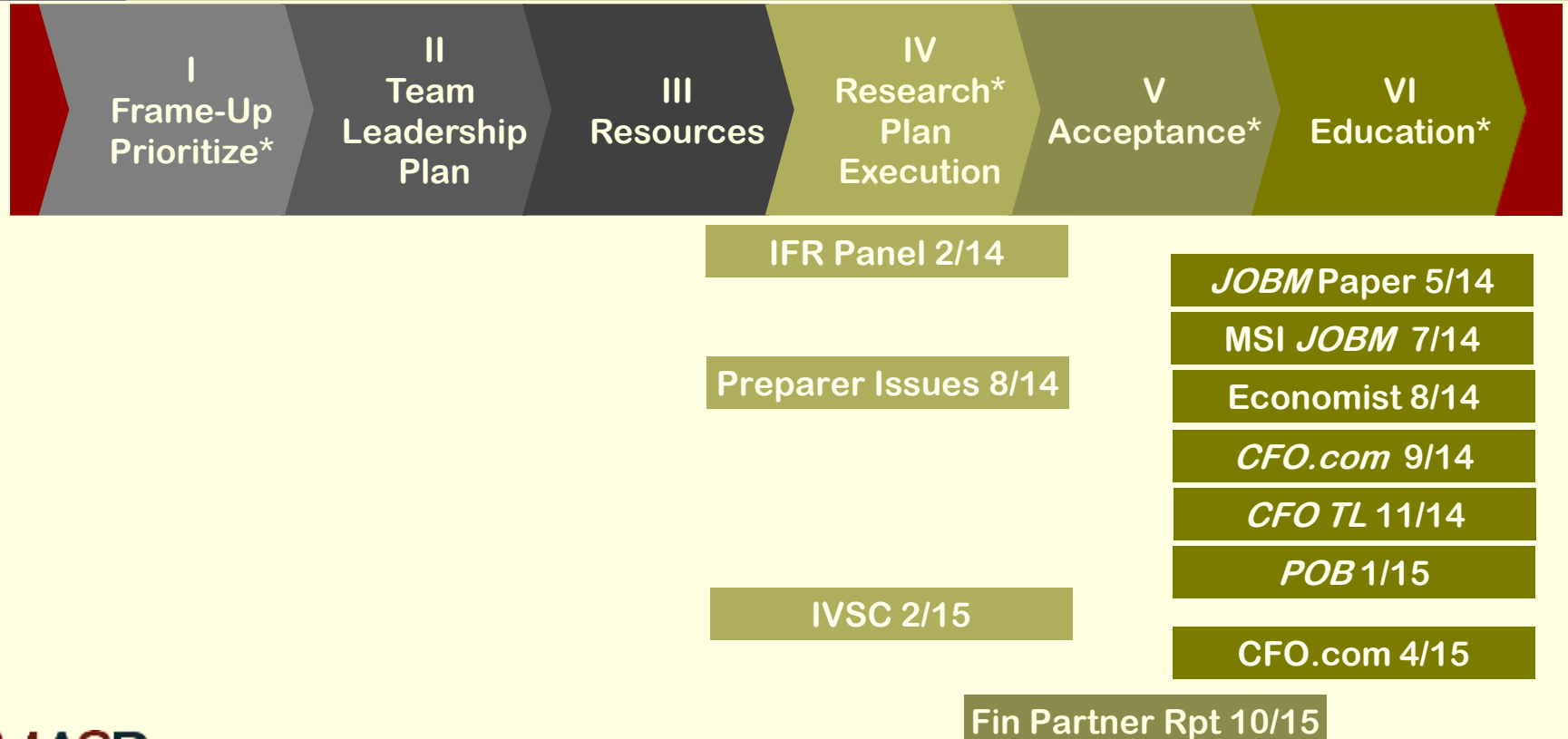


Susan Cosper, FASB Technical Director and Chairman of the Emerging Issues Task Force (March 2017)

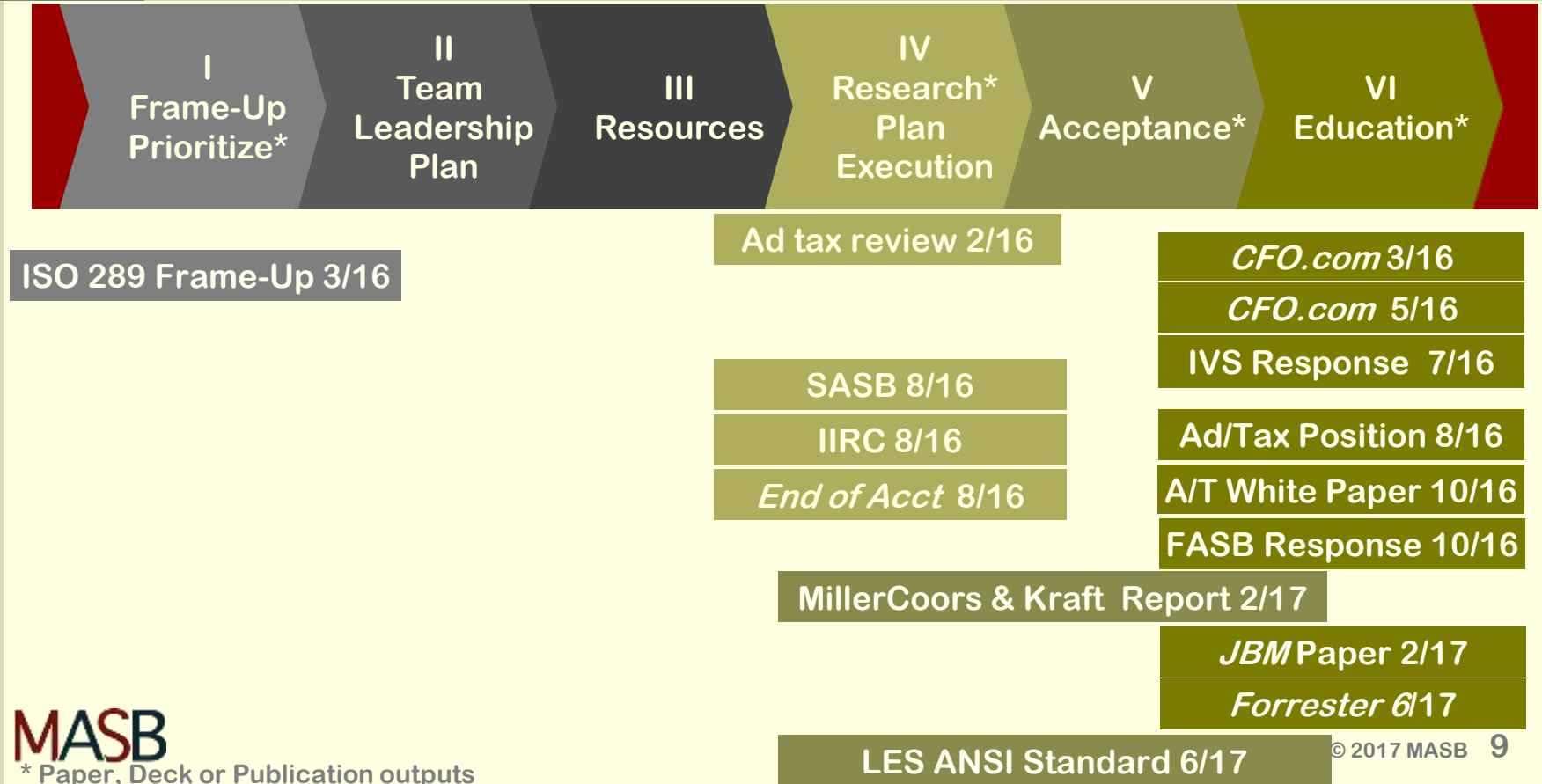
IFR Milestones (2010 - 2013)



IFR Milestones (2014 & 2015)



IFR Milestones (2016 & 2017)



IFR Education Highlight

Roger Sinclair, Ph.D., Kevin Lane Keller, Ph.D., examine ‘The Moribund Effect’ by which the value of an acquired brand added to the balance sheet remains unchanged no matter how well the brand might perform for the company over time. (2017)

Original Article

Brand value, accounting standards, and mergers and acquisitions: “The Moribund Effect”

Received (in revised form): 28th January 2017



IFR Education Highlight

“Marketing and finance pros must have deep knowledge of each other’s domain...

The Marketing Accountability Standards Board is a group of marketing finance professionals, academic experts, and marketing association professionals that set metrics and analytics standards. It helps marketers gain more influence in the C-suite by offering marketing and financial courses, educational support, and peer exchanges on how to better calculate marketing’s impact.”



The image shows a Forrester report cover and its content. The cover is dark grey with the Forrester logo in the top right corner. Below the logo, it says 'FOR B2C MARKETING PROFESSIONALS'. The main title is 'Collaborate With Finance To Prove Marketing's Business Value' in white. Below the title, it says 'Align Goals To Ensure Marketing Continues To Contribute To The Bottom Line' and 'by Tina Moffett, May 17, 2017'. The content area below the cover is white and contains two columns of text. The left column is titled 'Why Read This Report' and the right column is titled 'Key Takeaways'. The 'Key Takeaways' section contains three bullet points.

FORRESTER

FOR B2C MARKETING PROFESSIONALS

Collaborate With Finance To Prove Marketing's Business Value

Align Goals To Ensure Marketing Continues To Contribute To The Bottom Line

by Tina Moffett
May 17, 2017

Why Read This Report

Competition, consumer choice, and innovation force firms to scrutinize key financial metrics to meet revenue goals and keep up with market demand. B2C marketers are now more accountable and must connect marketing's value to key business indicators. Collaborating with finance to show marketing's impact on financial metrics helps marketers get more buy-in from the business and calculate future marketing risks and opportunities. This report shows marketers how to effectively collaborate with finance to ensure that marketing drives business value.

Key Takeaways

- Marketing And Finance Are Not Aligned**
B2C marketers and finance use different metrics to measure marketing success.
- Collaboration Helps Quantify Marketing's Value**
Cross-pollination with finance helps marketers achieve their end-to-end marketing measurement and optimization objectives.
- Use Best Practices To Promote Collaboration**
Embrace best practices to most effectively leverage the collaboration with finance to grow and support marketing's role in creating business value.

IFR Next Steps

■ Financial Reporting Partners

- Report back to FASB on progress with BIV model and process
- Resubmit views on IASB updated 3 year agenda
- Understand SASB sustainability audit process including SEC involvement

■ Upcoming Educational Papers

- Marketing Capitalization as a Percent of Market Value Update (Baum/Bendle)
- ACCA Article: The Challenge of Accounting for Marketing (Bendle - [Sept.](#))
- Ad expenditures and brand value incl. accounting, taxation and capitalization (Moore)
- How Brands are Treated within Financials (Moore)

IFR Team Members

Team Leaders



Michael Moore
LMU



Edgar Baum
Strata Insights

Team Heroes



Dave Stewart
LMU



Neil Bendle
Ivey



Bryn Anderson
Brand Finance



Vithala Rao
SCJ/Cornell

Staff



Frank Findley
MASB ED
Sponsor



Tony Pace
MAF/MASB



Erich Decker-Hoppen
Communication



Karen Crusco
Executive Assistant
Admin

Thank-you!



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