

Carpe Brand



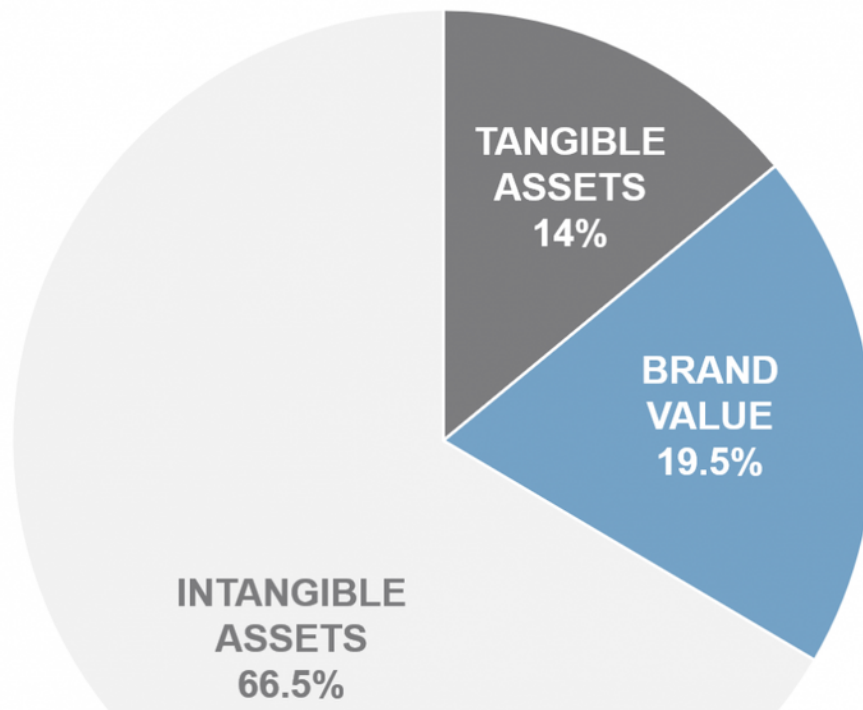
Stephen Diorio Contributor
Thought Leaders Contributor Group ⓘ
Leadership Strategy

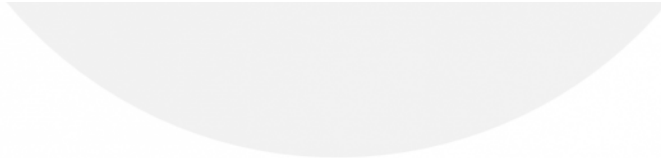
Why Marketers Should Seize the Moment and Embrace New Standards for Evaluating the Financial Contribution of the Brand

The value of a brand - creating it, maintaining it or, even better, growing it - is of significant importance to any enterprise that currently has, or aspires to have, brands. Brands influence customer choice, and the power of a brand's attraction influences sales today and tomorrow.

The Contribution of Brand To Enterprise Value

The Relative Contribution to Shareholder Value For the S&P 500





Source: Applying the MASB Brand Investment & Valuation Model, Marketing Accountability Standards Board, 2017. Ocean Tomo Annual Study of Intangible Assets 2015

The Average Contribution of Brand to Enterprise Value FORBES MARKETING ACCOUNTABILITY INITIATIVE

And yet the measurement of brands and their value remains a complex topic to explore, with many divergent points of view. The totality of a brand's value often only comes into focus when an acquisition occurs and the acquiring entity must establish a value to put on its balance sheet to account for the brand or brands acquired.

In common practice, this valuation is generally acknowledged to be quite conservative, as the internal financial team argues for the lowest valuation possible so as to reduce the risk of potential impairment at some future date. They will push for a larger goodwill amount and a lower brand amount to be translated to the balance sheet. If a marketplace transaction has some inherent limitations in valuing a brand, are any other methodologies available? Yes, there are many, and most of these methods will acknowledge greater precision and reliability of their outcomes if they work directly, and confidentially, with companies to have access to data that goes beyond that which is publicly available.

Today In: [Leadership](#)



So, if book value for brands generally understates their value and other proprietary methodologies contain assumptions that can be debated, is work to value a brand still inherently worthwhile?

The answer is yes on several counts. First, a new report – **Entitled Proving the Value of the Brand** - published by the Forbes MASB Marketing

Accountability Initiative outlines, the linkage between brand value and enterprise value is clearly demonstrated. Businesses that want to generate consistent growth would be well-advised to apply its principles to their marketing and business circumstances.

Second, there is a new mandate to regularly evaluate brands, and in doing so, value them. Recently, the International Standard Organization (ISO) unanimously passed a brand evaluation standard, which requires companies to perform annual evaluations of their brands. While many marketers may not be aware of ISO, they might check with their colleagues in engineering, science, procurement and even human resources to understand ISO's unquestioned role as the global standard setter.

Conversations with marketers about this new standard, officially known as [ISO 20671](#), have indicated that there is more trepidation than appreciation for the powerful tool this standard can be when appropriately applied. The Marketing Accountability Standards Board ([MASB](#)) – a standard setting body behind the development of the ISO 20671 views the new brand evaluation standard as [the “Golden Ticket” for marketers](#). It will allow them to raise the issue as to whether their organization will comply with ISO's requirements of annual brand evaluation, and in that context, valuation. While anything new understandably creates some apprehension, the ability to elevate brand discussion and assessment to the highest levels of any organization should be welcomed by an effective and accountable marketing leader.

The new ISO standard is a meta standard in that it will require some guidance as to how it can best be implemented. MASB, as the North American designee to ISO Technical Committee 289, is currently in the process of developing that guidance.

The evidence that brand valuation is essential in creating a sustained growth orientation is compelling. Organizations must Carpe Brand, to unlock the long-term enterprise success.

We invite commentary on both our thesis and on the forthcoming guidance regarding the implementation of Brand Evaluation as required by ISO 20671. Please review and enjoy the [Proving the Value of the Brand report](#). It is current and in many ways, groundbreaking.



Brand Report FORBES

Follow me on [LinkedIn](#). Check out my [website](#).



Stephen Diorio

I direct the Forbes Marketing Accountability Initiative where I teach CEOs, Boards, CFOs and CMOs how to prove, measure and grow the contribution of marketing to the bus...

Read More