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21 GRAMS OF BRAND?

I believe we need to stop trying to weigh the brand 'part' of the business by assigning it a monetary value and instead recognise its *true* value *throughout* the business to optimise its performance

ABSTRACT

The current obsession with data, measurement and the need to 'quantify' in order to justify investment has led to dangerous attempts to put a price tag on the brand 'contribution' to the business.

This attempt to measure brand value by artificially separating the 'brand' component from the rest of the business is an increasingly futile and damaging exercise.

The brightest brands of the future will recognise this and seek to better understand and optimise brand value without attempting to separate it from the business and quantify it.

Instead, a holistic and ongoing Brand Fitness assessment is needed to help brands decide where to focus their energies, boost business performance and provide a new basis for a healthier client-agency relationship.

PREFACE

SOUL HAS WEIGHT, PHYSICIAN THINKS

Dr. Macdougall of Haverhill Tells of Experiments at Death.

LOSS TO BODY RECORDED

Scales Showed an Ounce Gone in One Case, He Says—Four Other Doctors Present.

Special to The New York Times.

BOSTON, March 10.—That the human soul has a definite weight, which can be determined when it passes from the body, is the belief of Dr. Duncan Macdougall, a reputable physician of Haverhill. He is at the head of a Research Society which for six years has been experimenting in this field. With him, he says, have been associated four other physicians.

In 1901, an American doctor, Dr Duncan MacDougall attempted to weigh the souls of his patients before and after death. Convinced that he could separate 'the soul' from 'the body', he sought to put a quantifiable value on this vital element of a human being[1].

After much exploration, he claimed to have found the magic number: 21 grams.

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[1] Duncan MacDougall, *'The Soul: Hypothesis Concerning Soul Substance Together with Experimental Evidence of the Existence of Such Substance'*, in American Medicine: New Series 2: 240-243 (1907)

Setting aside all scepticism here; if we were to accept that he was right, what meaningful value does this knowledge have? What does 21g actually tell us about what the soul *does* and the impact it has on a human being?

At 0.03% of the average human adult weight, it suggests the soul is rather unimportant.

Perhaps if we knew one patient's soul weighed 100g, whilst another's a mere 10g, we might conclude that one had somehow been enhanced, perhaps by being 'invested in'.

The point of course is that we learn absolutely nothing of value from this scientific folly.

This futile act of artificial separation and the meaningless attempt to 'quantify' would be squarely rejected in the scientific world today, and yet in the marketing world, this is exactly what we do when we attempt to put a distinct monetary value on 'the brand'.

I believe…

No one could credibly suggest that CEOs, consumers and stakeholders don't value brands.

They do - and for very good reason: strong brands drive both share price and acquisition value, help to strengthen and improve distribution channels, help justify price premium, shape consumer preference and attract better talent, at lower cost. In fact, board members *themselves* are paid *less* in firms with strong brands than in the equivalent role with a weaker brand[2].

The challenge we face isn't to convince them of the value of brands, it's to help them *understand* that value and, de facto, how to utilise it.

In today's 'era of accountability', most of the attempts to do this have been focussed on attributing a monetary value to the 'brand part' of the organisation, thus dissecting it into 'the business' and 'the brand'.

The most commonly used method - 'Discounted Cash Flow' - attempts to give a Brand Value (BV) by deducting tangible and 'other intangible' assets out from the overall estimated cash flow of an organisation and forecast its future stability by applying a discount, based on a rating system (e.g. Interbrand's Brand Strength Index)[3].

This is analogous to Dr MacDougall's experiments with scales and cadavers. The fundamental flaws are just as profound, albeit concealed behind deceptive statistical rigour: What are the other 'intangible assets'? And if they *too* are intangible, how can you

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[2] A study by Tavassoli, Sorescu and Chandy (2015) in *'Brands and CEOs'*, The 15th lecture to the British Brands Group at London Business School by Prof. Patrick Barwise (2015)

[3] Peter Doyle, *'Value based marketing: Marketing strategies for corporate growth and shareholder value'* (2000)

accurately put a value on them versus the brand effect? How can anyone forecast future stability when it is dependent on so many factors outside any organisation's control[4]? The financial crisis and the uncertainty created by Brexit are evidence of that.

This inherent level of subjectivity is, in part, responsible for the huge discrepancies manifest in brand valuations, for example the $70bn discrepancy between Interbrand's and Millward Brown's valuations of Google in 2010[5] and the $82bn gap in 2015 car brand evaluations, shown in Figure 1. Variations of up to 182% reveal how flawed and impractical the very process itself is.

	Brand Finance (Feb)	BrandZ (May)	Interbrand (Oct)	Max. Variation ($bn)	Max. Variation (%)
Toyota	35.0	28.9	49.0	20.1	69%
BMW	33.1	26.3	37.2	10.9	41%
VW	31.0	(<11.0)	12.5*	20.0	182%
Mercedes	27.3	21.8	36.7	14.9	68%
Honda	22.4	13.3	23.0	9.7	73%
Ford	20.3	13.1	11.6	8.7	75%
Total in top 100 global brands	7	6	14	84.3	74%

*-9% Y-on-Y

Figure 1: Top Car brands valuations in 2015: Data sourced from: Prof. Patrick Barwise in '*Brands and CEOs'*, the 15th lecture to the British Brands Group, at London Business School

But it's not just the method here that's at fault; it's the assumption that there's a need for it.

This obsession with trying to separate 'the brand' from the 'the business' is based on an out of date and overly simplistic view of the role of brands, where they exist and how they add value.

As our understanding of the role of the brand grows, the folly of attempting to 'value' it is exposed.

We are entering into what Colin Mitchell calls the 'Company era' of brand strategy, where the brand is asked to play an increasing number of roles, from strengthening stock price to recruitment and retention, to rallying stakeholders[6].

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[4] Wally Olins, *'A brand's real value is nothing, except in the eye of the beholder'*, Marketing Week (24th August 2011)

[5] Cited by Mark Ritson in *'To valuate or not to valuate isn't the question'*, Marketing Week (29th September 2011)

[6] Colin Mitchell, '*Brand New Brand Thinking*' (Oct 2002), Chpt 3

With globalisation, proliferating social and digital media and consumer expectations of transparency and corporate responsibility, a brand has increasingly become *every* part of an organisation: its product/ service, its corporate vision, its CSR strategy, its staff, even its management culture.

In this new guise, the brand cannot be separated from the business. It is the lifeblood that runs right through every part of the organisation, allowing it to live, grow and thrive.

As soon as this is accepted, its value and future potential will become impossible to ignore.

The challenge for us is not to *assign* a value to the brand but to *optimise* its value by demonstrating that it's connected and invaluable to every part of the business.

Therefore…

Organisations should stop occasionally *evaluating* brand 'strength' in a one-dimensional way by trying to put a monetary value on it and start continually *optimising* brand 'fitness'.

After all, strength is just one component of overall fitness. If a person was looking to optimise their physical performance they would have a full fitness test that looked at a range of fitness measures, identified strengths, weaknesses and areas to optimise.

A single, quantified measure of strength is of little value as it would be hard to know how you could improve and where to focus your energies – how could you possibly develop a fitness plan based on that alone?

A brand is no different.

In order to accurately identify and optimise brand value there needs to be an alternative approach to straight measurement that looks at a range of indicators to give an overall rating rather than a single monetary value.

A DIFFERENT FOCUS: A FULL FITNESS ASSESSMENT RATHER THAN A SINGLE MEASURE OF STRENGTH

While any attempt to put a monetary 'value' on a brand should be avoided, there is still a commercial need to demonstrate brand health to those outside the organisation: shareholders, potential acquirers and future employees.

Orange recognised this need when it floated on the stock market for the first time in 1996. With this move came a shift in business strategy that meant tactical measures to drive *volume share* couldn't be relied upon and instead, long-term brand perceptions needed to be shifted in order to increase brand desirability and increase *value share*. Through investment in brand advertising, championed by its CFO (Graham Howe) as much as its CMO, the brand overcame its two perceived weaknesses - price and distribution, and managed to generate an additional £2.9bil in shareholder value[7].

So, the ability of brand perceptions to drive shareholder value is proven and therefore the need to demonstrate brand health is undeniable.

But, instead of trying to attach a monetary sum to a brand to demonstrate its *strength* (via differing inexact methods that isolate it from the rest of the business), we should develop a broad based, simple system that can be used universally to give a more comprehensive and realistic assessment of its *fitness* – The 'Brand Fitness Rating' (BFR).

By analogy, the international bond credit rating system doesn't put an absolute monetary value on the assets they rate. Instead, it gives them rating scores (such as AAA, B, CC) based on their estimated risk / stability. The BFR would do something similar.

The BFR would use the five most appropriate fitness indicators for the particular market sector in question e.g. awareness levels, affinity, advocacy, maturity, annual marketing investment as a proportion of revenue, price elasticity or employee satisfaction scores and churn rates to generate a brand fitness rating (ranging between 1* for the least fit brands to 5* for the most fit), as part of an overall fitness report. Consistency of indicators within each sector would ensure that brands were being compared on a like-for-like basis. However, some indicators will need to be prioritised for category reasons in some sectors to achieve a meaningful result. For example, in the wine trade, 'maturity' will over-index as a differentiating factor, given the premium placed on vintage and experience in this sector.

[7] Dan Izbicki and Cameron Saunders, *'The FTSE's bright, the FTSE's Orange'* IPA Gold winning paper (1998)

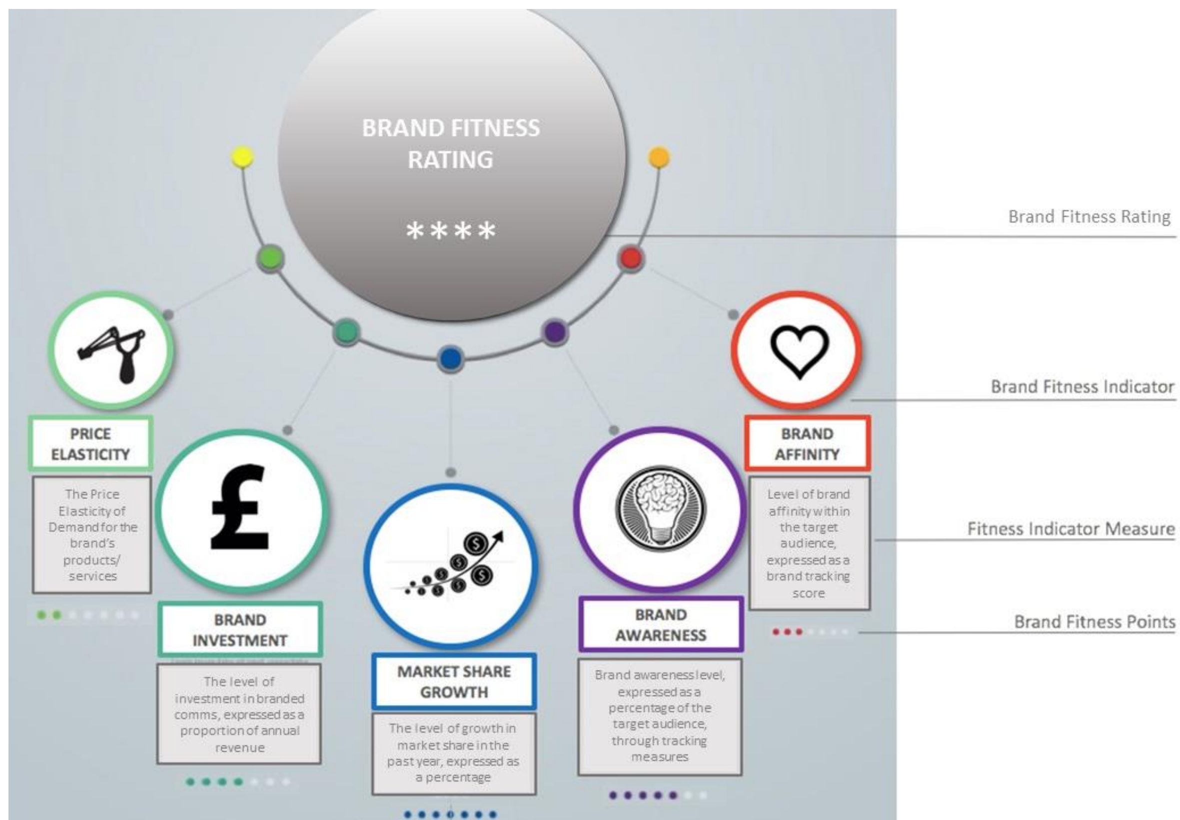

Figure 2: An example BFM brand fitness report

Each of the five fitness measures would be allocated a number of Brand Fitness Points, based on how well they scored. These points would then be aggregated to yield the overall Brand Fitness Rating.

The rating system is based on the premise that the role of the brand is indistinct from the rest of the organisation and provides a far more meaningful indicator of brand value, avoiding the pitfalls of trying to artificially disentangle it from the business by ascribing it a hard, monetary value.

The holistic and multi-dimensional nature of the Fitness Report unlocks huge potential for brand optimisation which the current systems of arbitrary monetary valuations simply can't. Multiple levers of influence come into play to allow fine-tuning of brand performance. So, the Fitness Report can be used to map the level of brand maturity, identify the areas of underlying strengths and weaknesses and help businesses work out where to place future brand investment in order to optimise performance.

Depending on the maturity of a brand, different indicators will have varying levels of significance. You wouldn't expect a start-up to have strong levels of brand awareness for example but you would expect it to have high levels of investment as a proportion of income and the fittest will have high levels of advocacy. Conversely, a market leader is unlikely to have high market share growth but it should have very low price elasticity if it is to remain at peak fitness. Figure 3 shows how differing levels of brand maturity can impact the significance of certain fitness indicators and their combinations:

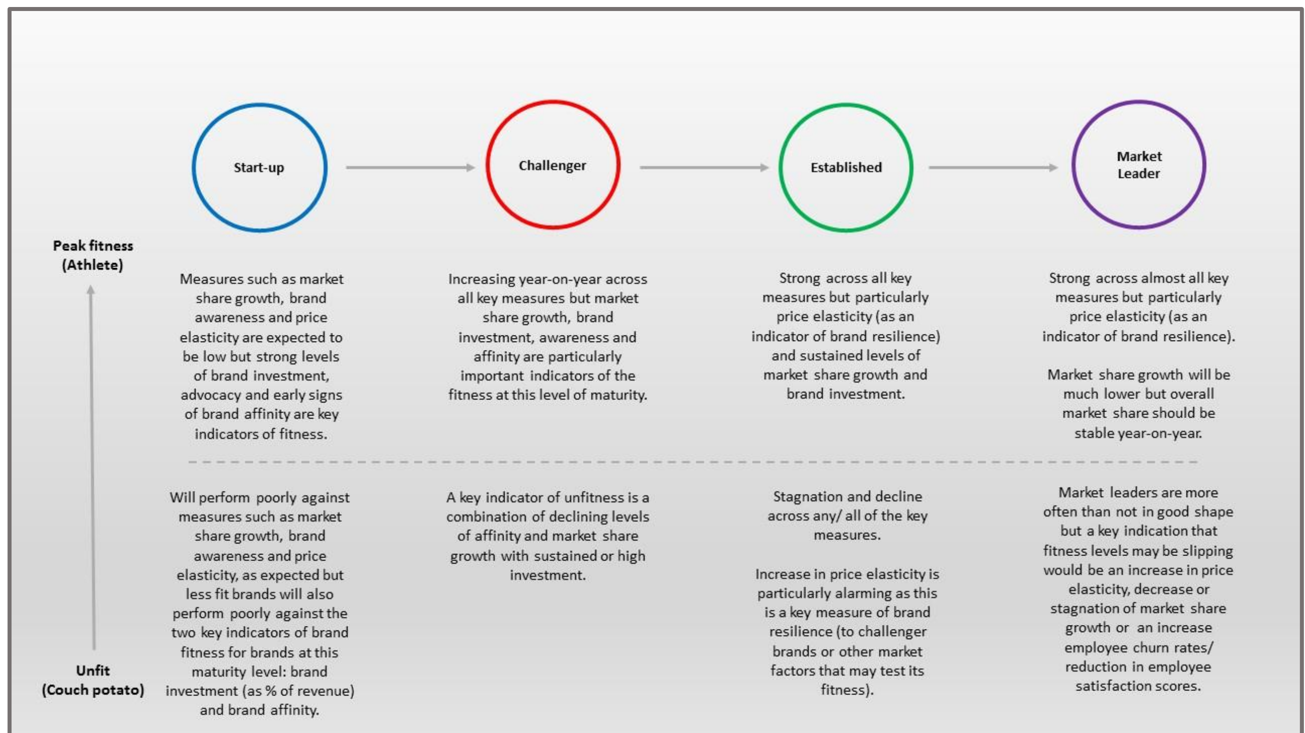

Figure 3: Mapping the core fitness measures across brands of varying maturity levels

But surely there are times when the Board would demand more than a rating score?

Advocates of the existing brand valuation methods would argue that there are certain occasions when it is critical to put an absolute monetary value on a brand – the main example being during a sale or merger. How else can you guarantee you are getting a fair price?

The fact is, with the current system of valuation, you can't.

As we have seen from Fig. 1 (above), valuations can be so wildly different that they provide no kind of guarantee whatsoever and therefore offer no reliable indicator for the Board.

So why do we need an actual number to ensure a fair price?

Is it not possible to use a brand rating score as a multiplier to business valuations to do just that? For example, an organisation with a 5* rating would receive a multiplier added on to the existing business valuation, one that's consistent, industry-wide.

A system like this isn't merely possible, it is also inherently fairer as it avoids the veiled inaccuracies of the current approach.

Implementing the model: a new type of rating agency

Of course, a new model such as this will require a new type of rating agency to develop and implement the BFR and establish it as the industry standard.

While there are agencies out there now that look at the elements that make up a brand and assess their relative strengths, they do so with the ultimate goal of calculating a 'precise' monetary value that can be allocated to the brand.

Interbrand's holy grail is '…a rigorously analysed and defendable valuation number'[8]. While Brand Finance describe their Brand Value Reports as 'a complete breakdown of the assumptions, data sources and calculations *used to arrive at your brand's value'* [9]. After all, "without knowing the precise financial value of an asset, how can you know if you are maximising your returns?" (David Haigh, CEO, Brand Finance)[10].

Examining the existing methodology shows how the indicators of brand strength are brushed aside as a means to an end – to calculate a monetary 'brand value'. Surely this misses the point? The brand strength indicators *themselves* should be the areas to focus on as they provide the insight, allowing the optimisation of areas of strength and improvement of areas of weakness. This is where the *true* value lies.

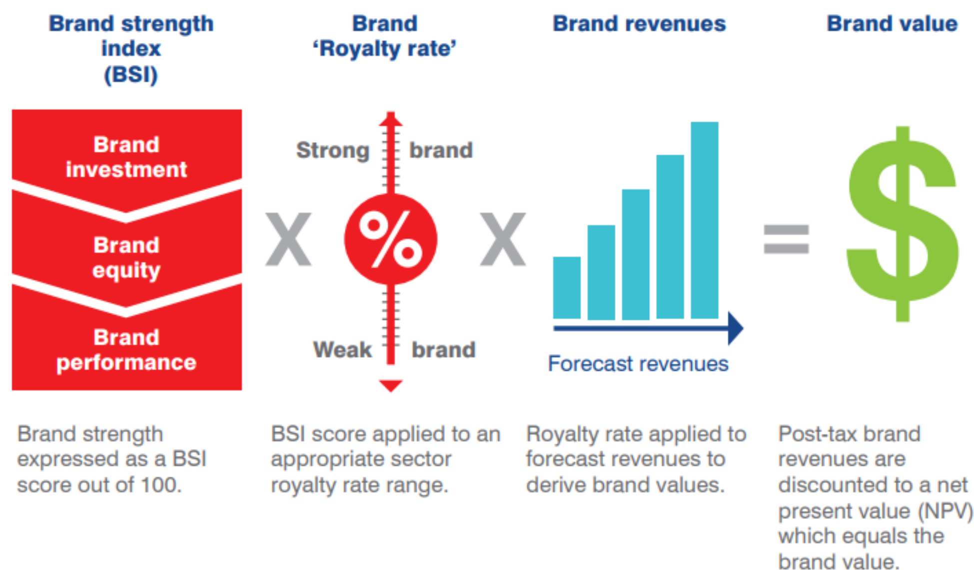

Figure 4: Brand Finance's brand valuation methodology[11]

[8] Mike Rocha, *'Financial applications for brand valuation – delivering value beyond the number'*, Interbrand (2014)

[9] Brand Finance, *'Global 500, 2017 – the annual report on the world's most valuable brands'*, p28 (Feb 2017)

[10] David Haigh, CEO, Brand Finance in Brand Finance, *'Global 500, 2017 – the annual report on the world's most valuable brands'*, p2 (Feb 2017)

[11] Brand Finance *'Global 500, 2017 – the annual report on the world's most valuable brands'*, p6 (Feb 2017)

Too much time is wasted attempting to calculate the un-calculatable (Brand 'royalty rates' and 'brand revenues') to get to a monetary figure and secure your brand's place in a 'league table' instead of focussing on the only valuable part of the equation – the first part.

The value of a brand is in its 'fitness' not an arbitrary monetary value that you ascribe to it.

The new rating agencies wouldn't waste their time crunching numbers to try and put a monetary value on a brand, instead they would focus on assessing the relative strengths and weaknesses of the five core brand fitness indicators and suggesting areas of focus for improvement.

As with the credit rating system, these agencies would be funded by the brands that are being rated but a fixed rate will be applied for the service to ensure that any ratings are completely unbiased.

IMPROVING BRAND FITNESS FROM THE INSIDE-OUT

Define your soul and strengthen your core

Organisations that attempt to isolate the brand from the rest of the business not only underestimate its present value, they also fail to exploit its potential value in other areas; by highlighting areas of brand weakness as well as strength, the BFR enables businesses to focus on fixing issues to achieve growth. These weaknesses are often discovered inside the business.

With the digital media driven demand for increased transparency, it's now widely accepted that brands need to focus on what goes on inside their organisation as much as how they communicate to the outside world.

Uber learnt this the hard way when recent sexual harassment accusations by a former employee called into question its latest brand valuation[12]. Interestingly though, in this case after an initial flurry of bad press, the brand actually saw an increase in demand for its services, with revenue growth outstripping any losses[13]. So the exposure of this scandalous management story actually served to promote the Uber service offering. Is this an indicator of extraordinary brand fitness allowing it to be remarkably resilient? Or, rather is the Uber service so efficient and convenient that consumers will forgive its murky corporate image?

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[12] Dominic Lawson, *'If Uber is worth what the investors claim, I'll eat my brake* pads', The Sunday Times (26th Feb 2017)

[13] Victoria Craig, *'Uber, Amid Scandals, Releases Financials: Says Growth Outpaces Losses'*, FOXBusiness (14th April 2017)

It's almost impossible to tell but what it does demonstrate, without doubt, is that the brand and the business are inextricably linked.

Jim Stengel argues that standout brands should rise to this new challenge by creating an internal culture rooted in a defined 'brand ideal', design the organisation around what it needs 'to win' and 'do one or two symbolic things a year' to 'create excitement about what's important'[14].

This doesn't go nearly far enough.

The single brand goal should become the core measure used to stress-test every single part of the organisation and every decision made, ideally on a daily basis. Multiple brand-influencing actions should be initiated and an 'always on' brand mode adopted, business-wide.

Used in this way, the brand becomes the North Star for the organisation, not only defining the single, unifying goal of the business but also helping to determine which areas of the business to invest in in order to reach that goal.

Direct Line did just that when it realised its opportunity was to re-organise around its 'fixer' brand archetype. Customers needed to be reminded of the reasons why they took out insurance in the first place, to move beyond the price and cover motivators to focus on brand performance in their moment of need. Its role as a 'fixer' became the guiding force to shape staff culture, identify the areas it needed to focus on (such as guaranteeing repair times) and, critically, identify those it should focus less on – (such as filling out lots of paperwork)[15].

In taking this holistic approach, it not only changed brand perceptions by saying it was a reliable 'fixer' but it demonstrated it by improving the service it provided – through its operational change programme it increased the number of repairs completed in 7 days from 35% to 70%[16].

Here the role of the brand goes beyond a rallying focal point for the business and becomes a critical catalyst for operational efficiency.

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[14] Jim Stengel, *'Grow'*, (2011) Chpt 6, p161

[15] Carl Bratton, Ann Constantine and Nic Pietersma, *Direct Line: we solve problems'*, IPA Gold Winning paper (2016)

[16] (The so-called LEAN programme included a new system called ActiveWeb to monitor garage performance against the seven-day target. A new damage imaging system allowed us to speed up claims and hit our seven-day/eight-hour commitment). Cited in Carl Bratton, Ann Constantine and Nic Pietersma, *Direct Line: we solve problems'*, IPA Gold Winning paper (2016)

Direct Line re-organised its entire business around the 'Fixer' archetype, embodied by the Winston Wolf character in its brand comms

Recognise three roles brand spend can play: to nourish, boost or transform brand fitness

Tom Blackett shares the opinion of many by suggesting that brands should be treated as an investment rather than a cost as they are 'some of the best assets that a business can own'[17].

Yet, the very assertion that the business 'owns' the brand offers a false distinction.

The business doesn't *own* the brand; it *is* the brand - they are inseparable.

The question is, how do we view spend relating to the brand? Is it a cost? An investment? Or a re-investment?

The answer has to be all three.

[17] Tom Blackett, *'What is a Brand?'*, in Rita Clifton, *'Brands and Branding'* (2009), p24

Figure 5 below shows the three different categories of spend and how they should be viewed.

Type of marketing spend	Role	Non-marketing equivalent	How it appears on the balance sheet
Always on / CRM	Nourish the brand and keep it alive	Operating cost of plant/ factory	Cost
Campaign spikes	Boost brand fitness	Investment in intangible asset e.g. talent	Self-investment (Re-investment)
Repositioning/ new product launch	Transform brand fitness to reach new goals	Setting up a new plant/ factory	Long term investment

Figure 5: The three different categories of brand spend

By identifying these three distinct categories of brand spend and equating them to these business assets, brand investment becomes intrinsically linked to the value of the business rather than something that's separated from it.

Uncover new areas to invest your energy in

Once a business accepts that the brand is its lifeblood, not a distinct and separate function, new opportunities for brand investment and optimisation become apparent.

Virgin Internet did exactly that when investigations into their retention levels revealed that they were losing 7.5k customers due to poor recruitment experiences, costing the company £4.4m in 2014[18]. These individuals had attended interviews for the Virgin Internet, expecting it to live up to the fun, exciting, service-driven brand that it portrayed to the outside world. When the reality that they were met with was far from that, they felt so disillusioned they not only declined to work there but they even went as far as to terminate their home broadband contracts.

This internal operational issue, historically seen as an HR problem, was in fact now very much a brand one.

Recognising this, the company diverted a section of its 'brand' investment into developing a recruitment programme that delivered against the brand promise it had made to its consumers which then, in turn, impacted its retention rates.

In this way, the brand can, and should, be the driving force internally for operational changes that can directly impact brand perception and performance.

If the brand is the lifeblood of the organisation, the fitter the brand, the more powerfully the blood is pumped to reach every part of the business.

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[18] Mindi Chahal, 'Bad recruitment experiences cost brands millions', Marketing Week (14th Oct 2016)

Removing the brand from the boardroom agenda and introducing monthly 'check-ups'

In IBM's global survey of over 1,541 CEOs, a core quality of 'standout organisations' was identified – 'Creative leadership' that was focused on creativity, innovation, embraced an iterative approach to strategy and created the conditions in which there was no fear of failure[19].

This style of leadership is totally at odds with the traditional boardroom culture that meets for one day per quarter to ratify long term plans.

To unlock the true value of brands in the new world, this needs to change.

A new system of 'open organisation' needs to exist where ideas, insight and innovation flow freely[20].

In short, the style of management that has allowed start-ups to thrive.

Firas Raouf (CEO, Everteam) suggests that this start-up model cannot be applied to bigger organisations with a traditional board culture, as bigger business requires long term planning and more consideration[21].

This is a self-perpetuating myth that will lead to bigger brands losing out.

The typical quarterly board meetings should be supplemented with monthly 2hr 'check-ups' that give marketers the opportunity to share recommendations for the month ahead and ask key board members for their input, allowing a test and learn culture to thrive.

The typical 'brand' agenda item on the board agenda should be removed completely. As the lifeblood of the organisation, it is an odd and false distinction to have its own section. Instead, it should be reported on within other elements of the business rather than a distinct element in its own right.

The CFO should report on whether the business had retained its Brand Fitness Rating this quarter or, better still, improved its rating. Similar to the credit rating system, the BFR will impact the rates of interest you receive, shareholder value and its level of desirability for retailers and agency partners.

The Brand Fitness Report should be reviewed and the maturity of the brand discussed, with each of the five indicators scrutinised to look for areas of optimisation and to set targets for the months ahead.

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[19] IBM *'Capitalising on Complexity: Insights from the Global CEO Study'* (2010)

[20] Prof. Patrick Barwise, *'Brands and CEOs'*, a lecture to the British Brands Group, at London Business School (2015)

[21] Firas Raouf: *'The time has come: reinventing the average board meeting',* Openview (28th July 2011)

Employee recruitment and retention strategies should be reviewed with reference to the brand and decisions should be made on the level of brand investment made into those areas of the business.

This holistic approach should be the aim for all organisations who are constantly looking to improve their brand fitness.

A NEW ADVERTISING AGENCY MODEL: DEVELOPING THE BRAND FITNESS PLAN

As organisations begin to adopt the new brand fitness model of measurement, so their annual objectives will begin to be influenced by this. This, in-turn, will impact the client-agency partnership, how agencies are selected, the services they offer their clients and even how they are remunerated for those services.

The client-agency partnership

As organisations come to accept the role of the brand as the lifeblood that runs throughout the business, so they will stop treating brand communications as a distinct element that is looked at in isolation from the rest of the business functions.

If the brand flows through everything then the people responsible for defining and communicating that brand to the consumer need to have a much deeper relationship with their clients that reaches to every part of the business that the lifeblood flows.

Anyone looking to transform their fitness would require a personal trainer that looked at every aspect of their body and worked on every muscle group to get them to peak performance.

The same applies to brands.

And yet currently, most client-agency relationships only allow agencies to affect the external projection of the brand. While internal brand alignment can sometimes be brought into the agency scope, this is not necessarily the case and too often it is deprioritised and merely an afterthought.

Without the ability to shape how the brand is expressed and leveraged throughout the other areas of the business, an agency will only be able to have a limited impact on its overall fitness.

This needs to change if brands are to meet their full fitness potential.

Under the new model, the agencies' remit will extend beyond external facing comms to every area where the brand has an impact: from staff recruitment programmes, internal

comms engagement, business strategy and consultancy through to the external expression to consumers.

In order to achieve this, agencies are going to need to develop full fitness training plans for their clients that encompass each area of the organisation, inside and out. These plans need to be rigorous and systematised, bringing into play all of the agencies' service departments – strategic, creative and account management. Convincing clients of their ability to embrace a more holistic consultancy role will be no mean feat for agencies, given how entrenched clients' views tend to be on agencies' motivations and skill sets but it is a necessity if agencies are to have a meaningful impact on brand fitness.

Brand planning: developing the brand fitness training programme

The first thing you do when you sign up to a gym is undergo a fitness assessment to identify your areas of strength and weakness and give an overall indicator of fitness so that your trainer can develop a training programme that will optimise your performance and improve your long-term fitness.

If you are serious about reaching your peak performance, no muscle groups are off limits. No form of exercise is ruled out. And you need to look holistically at your lifestyle – from what you consume as your fuel to the exercise you do to burn it off.

Advertising agencies should work in exactly the same way with their clients.

If they are truly to make an impact on brand fitness, they need to adopt an holistic approach with no area of the organisation off-limits.

With the new BFR model providing an industry benchmark for Brand Fitness, brands will have already undergone their fitness test by the time they approach their agency.

The next step is for their agency to develop a fitness plan that works on their weakest areas to optimise their performance and grow their value.

This plan will take a holistic view of the brand, beyond the usual communications task with no area of the business function off limits, including operational efficiencies and structures.

At the beginning of the brand planning period, both client and agency will sign up to the training programme, setting goals and making a series of commitments in order to reach them.

As retaining or improving the BFR becomes one of the core annual objectives for any organisation, so this will become one of the key objectives of their agency partners, the fundamental criteria by which their perceived success/ failure is judged and, ultimately, their remuneration.

The impact on remuneration: the tougher the fitness challenge, the greater the reward

Agencies can provide infinitely more value to a business that has a weaker brand fitness rating than those with a stronger one and they should be remunerated according to the impact they make, not the time spent.

This doesn't mean that agencies should spend their time courting smaller, emerging brands and rejecting the idea of working with larger businesses.

That would be ludicrous.

First, the BFR is not intrinsically linked to the size of the organisation. There could be large organisations with low BFRs. Large organisations with brand issues that need addressing in order to optimise their performance.

Conversely, small businesses exist who have incredibly strong BFRs that may just require some longer-term planning or amplification strategies.

Instead, agencies remuneration would be based on three elements:

1. The objectives set against the BFR (maintain vs increase)
2. The training plan set against those objectives (scope of work required to meet the goals set)
3. The level of brand maturity (mapped as part of the Brand Fitness Report – see Figure 3)- less mature brands, with smaller budgets would get a discounted rate compared to more mature brands with larger budgets.

This new approach would ensure that agencies are remunerated for their output (impact on the business) rather than purely on their input (time spent) and across a range of clients, big and small.

A more meaningful, more equitable and more holistic approach to remuneration that will deliver more value to clients and leave agencies feeling more valued.

It's time for agencies to get into shape too: the agency BFR

If clients are going to measure their BFR, it's only fair that agencies are measured in the same way too. After all, they're brands in their own right too.

As the BFR becomes adopted as the industry standard, agencies will follow suit.

It will work in exactly the same way, although a specific set of indicators will be used to assess agency brand fitness: Annual profit/ share price (if publicly listed), staff retention rate, client retention rate, IPA effectiveness awards won, pitch strike rate (see Fig. 6 below).

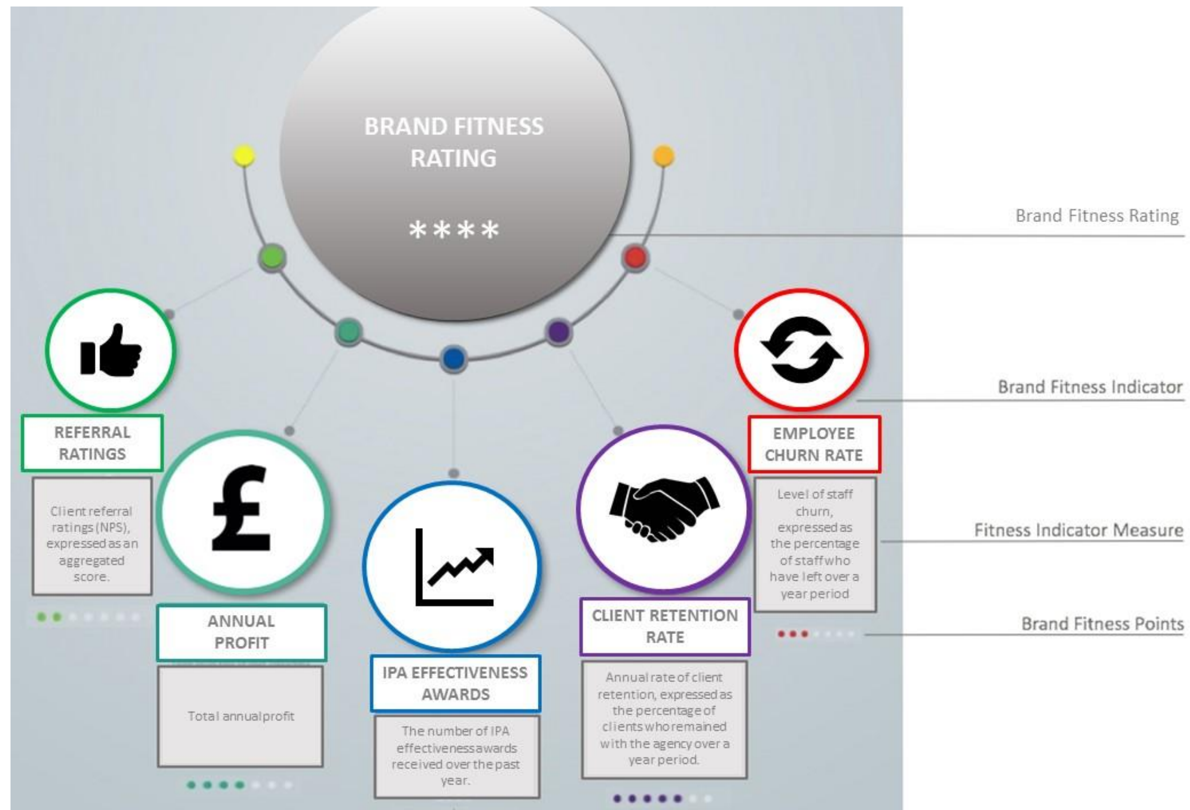

Figure 6: An example of an Agency Brand Fitness Report

In this way, agencies will become judged, and even selected, on the very thing that they seek to develop for their clients – their brand.

After all, who would trust an agency to develop its brand fitness if it can't look after its own?

I wouldn't hire an unfit fitness instructor. Would you?

CONCLUSION

Stop dissecting, start embracing

In attempting to put a monetary value on brands, marketers have inadvertently under-valued them by creating an artificial distinction between 'the business' and 'the brand'.

To truly recognise the value brands offer, we need to stop quantifying and start applying. We should forget the unquantifiable and focus on the inseparable. Acknowledging the brand's role across *every* aspect of the business.

Our challenge is not to convince boards, shareholders and consumers of brands' value but to amplify their full potential by creating the conditions to improve brand and business fitness, together.

Let's recognise, legitimise and optimise brand value. But please, let's never try to weigh it.

References

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NB Figures 2, 3, 5 & 6 were created by me, specifically for this paper