10 Reasons Brand Valuation Matters for Boards

The corporate brand is probably the least understood asset in most companies, yet it can be one of the greatest tools to building corporate value. Here are ten reasons that board members should pay attention to corporate brand valuation.

1. Legitimize investment.
By understanding and defining the value the brand creates, questions about brand-building investment change from whether to invest to how much to invest. Companies that understand this manage their brand investment to maintain and maximize the value. Coca-Cola, American Express and FedEx are consistently among the highest brand equity companies CoreBrand tracks. They are each characterized as a company that communicates aggressively to shape the landscape of its markets, thus framing them to its strengths and reaping the associated benefits.

2. Provide an objective measure.
By measuring the impact of brand building, leadership can evaluate the quality of branding efforts without resorting to opinion or personal perspective. Measurement and metrics add science to the art of creative brand building.

3. Create accountability.
By utilizing a tangible measure of impact, leadership and marketing teams can be evaluated by their stewardship and management of the brand asset over the long term.

4. Align leadership.
Creating a common vocabulary for a brand gives marketing a seat at the management table. Because the return for branding can be identified and tracked over time, the effort and results for all departments are visible. This permits all senior managers to work together for the optimum total return on investment, throughout the company. When finance and marketing cooperate, working toward defined goals, everyone wins.

5. Identify growth opportunities.
Understanding brand value illustrates the opportunity to advance a business not only through geographical growth but also through product/service adjacencies.

6. Predict market shifts.
By understanding the relationship between brand and other performance drivers, leadership can identify changing market conditions. Intelligence is about knowing where the market is going before your competitors. This is best done by knowing the right questions to ask, researching continuously and creating custom models that zealously seek informative answers.

7. Identify competitive opportunity and advantage.
Understanding brand value relative to competitors can drive changes in growth strategies. By uncovering the value of your brand versus competitors and the dimensions that drive that value, you gain important intelligence for creating and maintaining a market advantage in areas that define business success. Knowing the market and the opportunity available can point a company in the right direction.

8. Inform M&A or strategic alliances.
Understanding the value of all business assets informs negotiations in mergers, acquisitions and partnerships. M&A can be tricky, and emotional attachment to pre-existing entities can be strong. But, by objectively assessing the value and dimension of all brands involved, leadership can strategically deploy those brands for maximum impact.

9. Create licensing opportunities.
Knowing the brand's value permits predictable revenue growth through licensing efforts. A brand on the move creates momentum that can be leveraged. Licensing is a great way to make significant income from the brand itself.

10. Better define the value of other intangibles.
Is it good business to do good? We know from our brand valuation that being a good corporate citizen can have a direct impact on market capitalization. CSR, philanthropy and other "goodwill" efforts can be understood and valued. Knowing the amount of impact can help make CSR a business decision as well as one based purely on the goodness of the company.

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