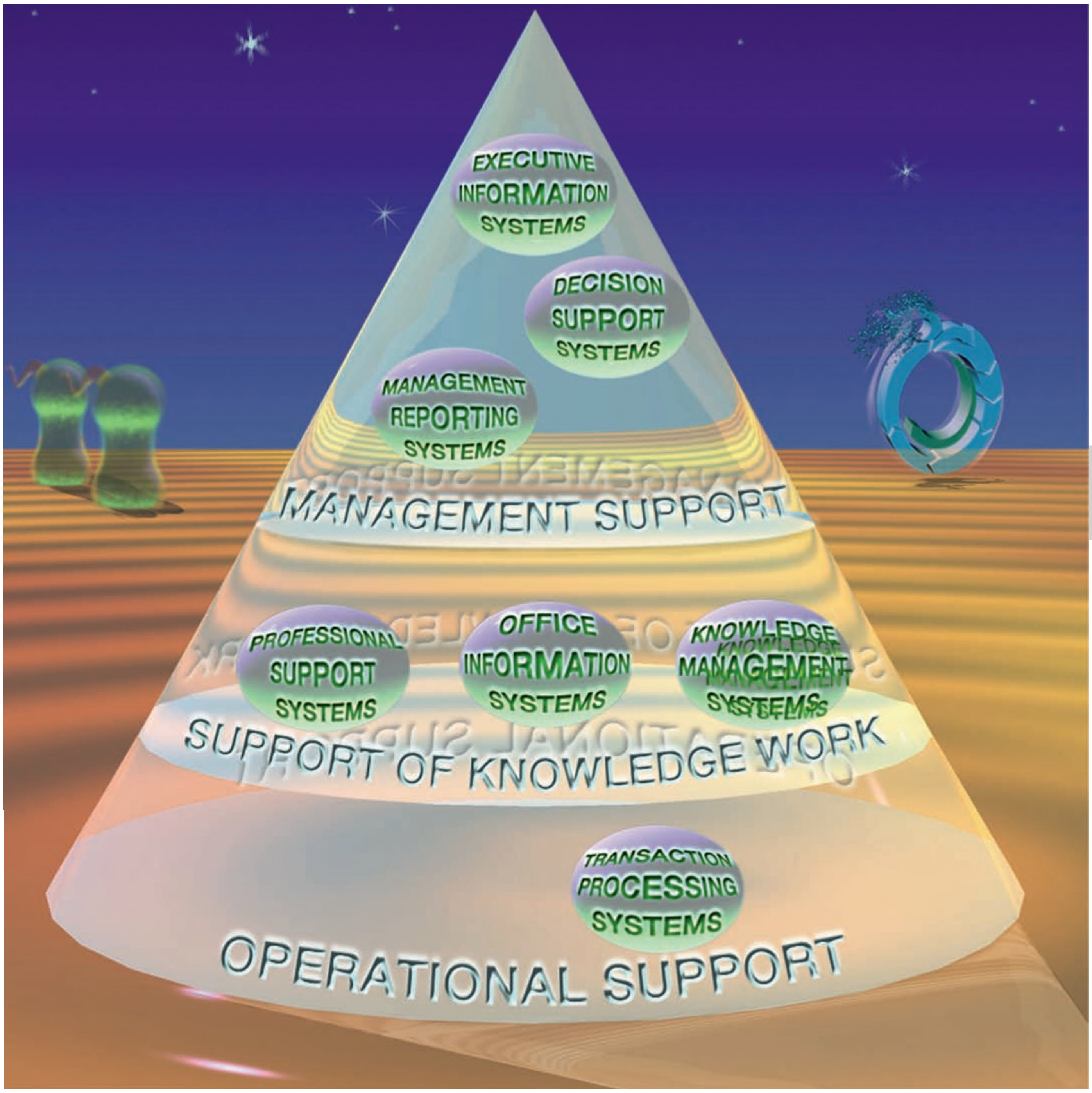


ILLUSTRATION STOCK

The management of intangible assets and resources:

# An opportunity for companies, risk managers and the insurance market

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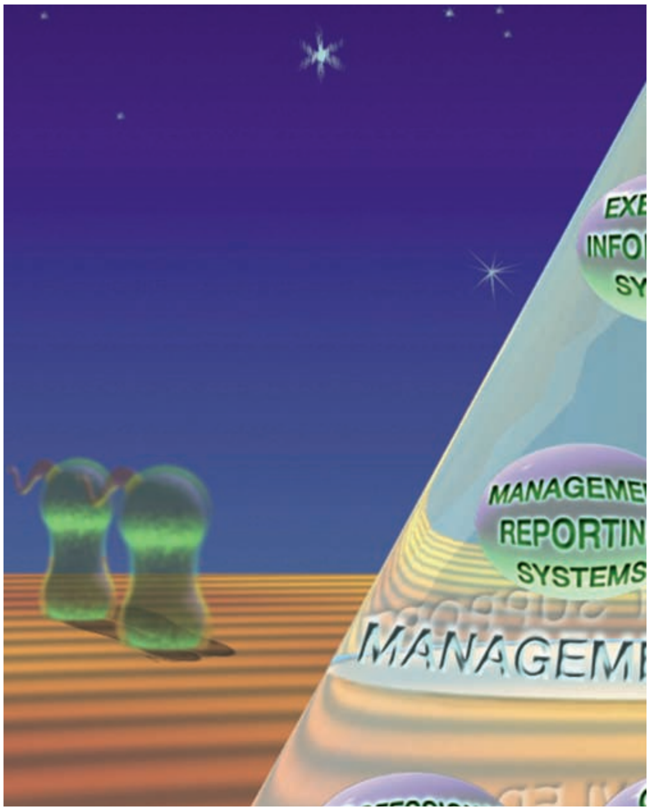
Over the last few years there has without any doubt been an increasing concern and interest given to the management of intangibles (brand, corporate reputation, business ethic, corporate social responsibility, good governance, human capital, organisational capital and technological capital …) as vital and strategic factors in business success.

Most professionals working in this area agree that their influence and work has an ever bigger say in the success of companies and brands. This growing awareness goes hand in hand with increased professional, academic and social recognition. Likewise, major corporations are beginning to set up specialist departments to ensure proper management of these new factors.

Alongside this development, senior company managers, market analysts, auditors, shareholders and




investors need to know how these intangible assets are being managed, how they are being qualified and how much they are worth. Everything seems to suggest that in the near future brand value and other intangible resources and assets will be backed up by more financial support and feature more heavily in company accounts.

At the same time there is also a general cry for more solid arguments and methodology in this new area of knowledge. The work being carried out now needs to be backed up by thoroughgoing methodologies and the input of empirical evidence.

More and more forums are calling for standards on the valuation and management of intangibles and –why not?– possible certification in the future.

It is clear that companies, professionals and markets need independent bodies for analysing, evaluating and certifying intangible resources and assets by methods based on objective criteria.

There is therefore now general agreement on the existence of a company and social demand that has hitherto been fed by pioneer, one-off inputs and now stands in need of standardised, uniform rules backed up by general recognition of the various stakeholders operating in the world of business management.

## Definition and characteristics of intangibles

As pointed out by José Emilio Navas, chair-holding professor of the Business Organisation of the Universidad Complutense de Madrid, the identification, measurement and assessment of intangibles is an increasingly important field of study within the world of company management. The Theory of Resources and Capacities offers an interesting explanation of this phenomenon, analysing the role played by intangible resources in building up and maintaining a competitive business advantage.

Intangible resources are based mainly on information and knowledge so they are hard to identify and quantify. Furthermore, intangibles usually gain value as they are used and therefore need to be constantly reappreciated, unlike tangible assets which are known to depreciate from day one.

**INTANGIBLE RESOURCES ARE BASED MAINLY ON INFORMATION AND KNOWLEDGE SO THEY ARE HARD TO IDENTIFY AND QUANTIFY**

It is also known that the environment can impinge heavily on company results. *Ceteris paribus*, however, the external conditions are the same for every firm trading within that environment, so the different results obtained have to be explained rather in terms of the internal conditions obtaining in each one.

This is where the Theory of Resources and Capacities has come into its own in recent years within the literature on company management, focusing as it does on the tangible resources owned by the companies and the differences between them, and their importance in explaining the results trend. Three basic ideas underpin this approach (Navas and Guerras, 1998):

- Companies differ from each other in terms of the resources and capacities they may possess at any given time. These resources and capacities will vary in their characteristics and will not be available for all the firms in the same conditions.
- Resources and capacities play an increasingly important role in defining the strategy that each firm may wish to pursue, as against variables deriving from an external analysis.
- Any firm's profit is a result of the competitive characteristics of the environment and also the combination and management of the resources it possesses.

Working from this approach the company is considered as a set of assets, technologies, skills, knowledge, etc., which are all generated and applied over time, i.e., as a unique combination of heterogeneous capacities and resources. The Theory of Resources and Capacities distinguishes between resources of a tangible and intangible character, granting more importance to the latter in terms of supporting the company's competitive performance. The criterion for establishing the classification derives from the nature of the resources: the former have a physical existence while the latter are based mainly on information and knowledge. The characteristics of one and the other are the following:

### A. Tangible resources

Tangible resources are those company assets that have an actual physical existence and can be touched and grasped in a material sense. They can therefore be easily identified and quantified within the business concerned. Tangible resources are usually broken down into the following types: fixed assets (land, buildings, machinery, plant, computing equipment), stock (raw materials, finished products, semi-finished products) and financial assets (capital, reserves, rights to receivables, shares of other companies).

The aim of their management is to allocate them properly inside or outside the firm (in combination with the resources of other companies or selling them off), thereby ensuring the best possible use thereof. The main problem they pose stems from the fact that their book value (at historical prices) may not be very significant for strategic purposes.

Tangible resources obviously play an important role in business management. Each firm strives to procure them in sufficient quantity and quality. Nonetheless, their rapid depreciation and ease of imitation by competitors mean that they are seldom the basis of any competitive edge for the company for any length of time.

### B. Intangible resources

Intangible resources, for their part, are those assets that have no actual physical existence and are based mainly on information and knowledge. They cannot be touched and seen like tangible assets and are therefore harder to pin down and quantify.

These assets are nonetheless acquiring


increasing importance within the firm as the underpinning of its competitive edge, since their specific characteristics can help their possessor to stand out from its competitors. Factors like company image, technological know how, human capital, organisational structure, brand, logotype or relations with suppliers and clients are all variables weighing ever more heavily in business success.

From this perspective information and knowledge are key factors in creating value for the firm. It therefore behoves each firm to find out and analyse the specific characteristics of these resources to be able to use them as the basis for creating its competitive edge.

Unlike tangible resources, intangible resources present a series of specific characteristics and idiosyncrasies that need to be borne firmly in mind to ensure the best management thereof within the firm. The most important of these features are the following:

1. Invisibility. Based as they are on information and knowledge, they have no actual physical existence and this makes them much harder to deal with. Tangible resources are easily identifiable due to their physical appearance whereas intangibles are difficult to observe in real life; this poses problems not only for identifying them but also for classifying them once identified.

2. Difficult to quantify. Precisely because they are based on information and knowledge they are hard to measure and assess; it is therefore difficult to work out their worth and scope. This difficulty is exacerbated because many intangibles are based on knowledge of a tacit type, i.e., knowledge that is intrinsically unformalisable and uncodable. In these cases it is practically impossible to quantify them.

3. Not recorded in accounts. The financial statements provided by accounts record only tangible assets; barring exceptional cases, the worth of intangibles is not included. The principle of prudence advocates against the inclusion of intangibles in balance sheets to avoid giving a false impression of the company's worth, precisely due to the abovementioned problems in quantifying and valuing them. Only at specific moments of a company's life, for example during sale or merger processes, is the worth of intangibles brought into the picture in terms of good-will. The non-recording of intangible assets in accounts statements explains the difference between companies' book value and market value. The book value takes into account only the value of the physical assets while the market value includes the valuation of the firm as a whole by economic agents. This

difference is especially crucial in companies with few physical assets, such as most firms of the so-called New Economy. Furthermore, these differences are coming increasingly to the fore in practically every firm, showing the growing importance attached by the market to intangible resources.

4. Appreciation with use. Tangible resources tend to depreciate with use whereas intangibles appreciate with use. Indeed, by dint of repeated use and experimentation, new information and knowledge can be phased in to certain intangible resources to increase their value. Witness such telling examples as human skills or company brands. This introduces into company management a law of increasing returns in asset use, as opposed to the law of diminishing returns in the use of traditional assets. In the case of the book valuation of intangibles this would imply a new accounting problem in terms of updating the value of intangibles, working in the opposite direction to the traditional depreciation of physical assets.

5. Non-existence of any market. There is not usually any market for the inter-company buying and selling of intangibles; this complicates their acquisition or transferability from one agent to another. True it is that for some of these intangibles, such as human resources, there is a free market for hiring executives and professionals, whereby individuals may move from one company to


another. For most intangibles, however, this is not the case, especially when one or other of the following two circumstances obtains: a) the intangibles are based on tacit, non-codable knowledge and, *ipso facto*, impossible to pass on, b) the resources are complementary with each other so that their utility resides in their combined use and lose all or part of their usefulness if employed singly. Even when the intangible is based on explicit knowledge and can therefore be passed on it may also take on the properties of a public good. The very fact of its being based on information and knowledge means that the possessor thereof does not forfeit its use capacity since the knowledge on which it is based may be shared. This means that the original possessor can maintain its competitive potential intact even if used by other agents.

6. Slow build up. Intangible assets are slow and costly to accumulate, usually based on the firm's particular experience. They generally constitute a single and

**FACTORS LIKE COMPANY IMAGE, TECHNOLOGICAL KNOW HOW, HUMAN CAPITAL, ORGANISATIONAL STRUCTURE, BRAND, LOGOTYPE OR RELATIONS WITH SUPPLIERS AND CLIENTS ARE ALL VARIABLES WEIGHING EVER MORE HEAVILY IN BUSINESS SUCESS**

unrepeatable process bound up with the firm's own history. Variables such as company image, corporate culture, organisational routines or technological knowledge are built up bit by bit as the firm grows and gains experience, crystallising in a certain potential at some given moment. It is often difficult to unravel the thread of cause and effect within this historical process even for the firm itself, making it much harder for competitors to imitate and reproduce it.

7. Vaguely defined property rights. Since these assets are based on information and knowledge, the property rights are sometimes fuzzy and it becomes quite hard to ascertain who is actually entitled to the exploitation of these rights: the company as a whole or a particular employee. This is particularly important in the case of human resources, where personal skills, aptitudes and experience belong without any doubt to the persons concerned, so the firm in theory has no direct exploitation rights over them. Only if these capacities are explicitly rewarded by a contractually established remuneration may the firm have a right thereto.

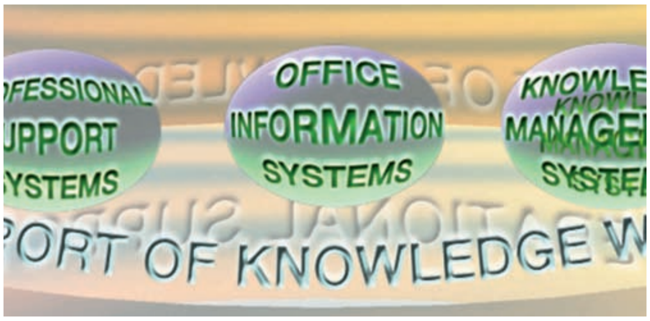
8. Nil sales value. In a fair amount of cases, especially when not tied in with people, intangibles have a nil sales value since they are intrinsically bound up with the business activity itself and could not be sold apart therefrom.

In sum, all these characteristics show the crucial role played by intangible resources from the company management point of view. Management of this type of assets is without doubt difficult and troublesome, precisely due to the abovementioned features. Firms are nonetheless bound to take on this challenge in the future if they wish to gain a competitive edge over the rest.

## Classification of intangibles: assets and resources

When speaking of business intangibles, what are we really talking about? Is an intangible resource the same as a an intangible asset? Are they both managed the same way? Is their immateriality the key to the value of business intangibles? Let's try to lay down some conceptual bases.

When speaking of intangibles we are generally speaking of the firm's assets that have no actual physical existence: its goodwill, brands, such operating licences as it may possess... In recent years, however, certain terms have caught on such as corporate reputation, knowledge management, corporate responsibility... and these are also called intangibles. What is the difference between the first and second? Let's put forward a working hypothesis: i.e., the distinction that exists between intangible resources and assets, although both have the common trait of their immateriality. Invoking their immaterial




**WHEN SPEAKING OF INTANGIBLES WE ARE GENERALLY SPEAKING OF THE FIRM'S ASSETS THAT HAVE NO PHYSICAL EXISTENCE (GOODWILL, BRANDS...). IN RECENT YEARS, CERTAIN TERMS HAVE CAUGHT ON SUCH AS CORPORATE REPUTATION OT CORPORATE RESPONSIBILITY, WHICH ARE ALSO CALLED INTANGIBLES**

nature, however, is not a sufficient condition for defining a business intangible.

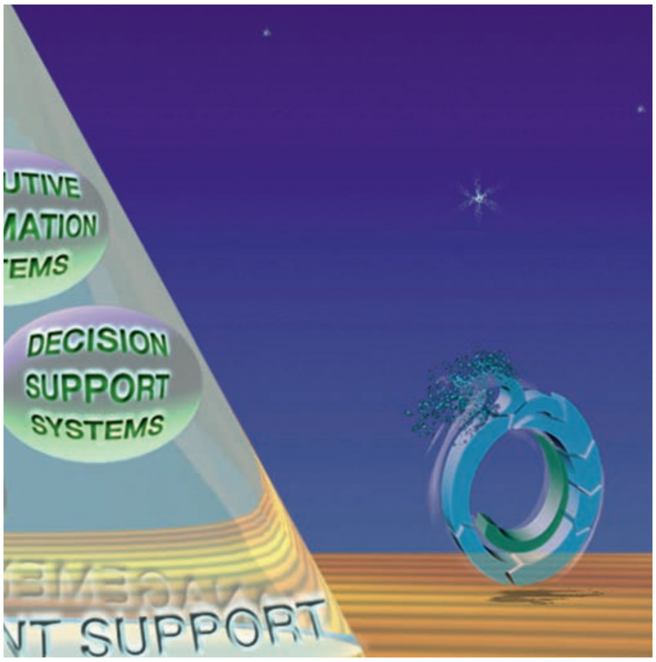
Eusebi Nomen defines an intangible asset as that which has no physical properties (FAS 1422, US financial accounting standard for intangible assets and goodwill) or normative properties (IAS 383, International accounting standard on intangible assets) that might quantitatively delimit the utilities received in said asset. The IASB (International Accounting Standards Board) considers that an intangible asset can be spoken of only when the enterprise concerned expects to obtain future economic benefits therefrom and it is also a resource controlled by said firm; this is crucial, otherwise it is not correct to speak of an intangible asset. This first ring-fencing of the concept seems to make it clear that the term «intangible asset» can be applied to the following: a brand, insofar as this is a registered trademark with restricted use; a manufacturing patent guaranteeing exclusive use; an operating licence regulating the use of the marketed good, etc. But what about a firm's intellectual capital, its reputation, customer loyalty, its skills in liaising with other stakeholders...? Can these also be considered to be intangible assets? On the basis of the criteria sketched out above for defining an intangible asset, taken from the current accounting theory, which in turn underpins the current standards on this matter, neither intellectual capital nor a firm's client relations can be deemed to be intangible assets but rather intangible resources; the same goes for a firm's reputation since the firm can guarantee no control thereover. This does not mean, however, that said resources lack value. Quite on the contrary they might well be a firm's most valuable assets. The only thing the above statement means is that intangible assets can be evaluated with financial-economic criteria (as emanating from accounting theory and standards) but not intangible resources, which, although they may be assessable in economic terms, are not yet assessable with financial accounting criteria.

An intangible asset needs by definition to have the following three features:

1. It is identifiable: If it is separable and future economic benefits from the asset can be individually determined.
2. Control may be wielded thereover: If the firm has the power of obtaining the future economic benefits and can restrict third party access thereto.
3. Future economic benefits are expected to accrue therefrom: If it generates income, savings or returns on use.

An accounts specialist would be interested only in intangible assets, since only these can figure in the company's balance sheet; but a CEO, whose main remit is to increase the firm's value, would be interested in both intangible assets and intangible resources since the firm's total value depends on both.

In sum, intangibles are split into assets and resources. The main difference is that intangible assets can be capitalised and valued in the company's



balance sheet; they are therefore measurable and manageable. Intangible resources are much more difficult to measure objectively although each firm may lay down internal rules for valuing and managing them. The rules of one company, however, would be no good for another one.

The following table breaks down the main intangible assets and resources:


## Classification of intangible resources and assets

| Intangible assets | | Intangible resources | |
|---|---|---|---|
| **Art** | Art-related intangible assets (books, magazines, literary works, musical works, paintings and photographs...). | **Human capital** | Human capital: this takes in the individual capacities, knowledge, skills and experience of the employees. |
| **Brands and trademarks** | Marketing-related intangible assets: registered trademarks, registered tradenames, internet domain names, non-competition agreements. | **Structural capital** | Structural capital: infrastructure that incorporates, forms and sustains the human capital. It is defined as the pool of knowledge that stays with the firm at the end of the working day. It takes in the organisational routines, procedures, systems, cultures, databases, etc. It comprises three types of capital:<br>**1. Organisational capital.** Company outlay in operating philosophy, systems and tools.<br>**2. Innovation capital.** Firm's renewal capacity and innovation results in terms of protected commercial rights, intellectual property and other intangible assets used to create new products and services.<br>**3. Relational capital.** Company relations with customers, measured by indices of satisfaction or loyalty, among others. |
| **Clients and contracts** | Intangible assets related to clients/suppliers, contractual and non-contractual, order book.<br>Intangible assets related to contracts: licences, royalties, government concessions. | **Corporate reputation** | Corporate reputation is the set of the stakeholders' perception of the company on the basis of their ongoing relationship with it. It resides in the mind of each stakeholder and may differ from one to another. |
| **Technology** | Technology-related intangible assets: patents, computer software, databases. | **Corporate social responsibility** | CSR comprises a company's management commitments. They are real values residing in the firm. CSR is one of the various factors impinging on Corporate Reputation. |

The Intangibles Analysis Institute (Instituto de Análisis de Intangibles: IAI), ever since its creation, broke down its working areas as follows, with a committee to cover each one:

a. Brand capital.
b. Human capital.
c. Structural capital (organizational and technological).
d. Corporate social responsibility.
e. Corporate reputation.

The challenge that the IAI sets itself is to find a sufficient consensus for recognising, analysing and valuing intangibles and entering them for accounts purposes and also to provide the market with trustworthy and comparable company information. To do so it builds up models for measuring the contribution of said intangibles to the company's market value, over and above all those values (tangible and intangible) that, under current rules, can be entered in the company's balance sheet.

## The Value of Intangibles

Traditionally a company's value stemmed from its working capacity while its competitiveness was associated with all the following: its material resources, its ability to procure raw materials at a reasonable cost, the standardisation of its production, a rational division of labour, transport... On all these skills, mostly bound up with tangible and material factors, depended the value the company was capable of generating.

For some years now this value has increasingly been seen to be based on know how, while competitiveness is fruit of the company's store of knowledge, and not only protected knowledge, as the pundits of the financial-economic evaluation of companies claim, but also the so-called fuzzy knowledge, i.e., the knowledge not protected by patents or operating licences but flowing through the whole organisation and setting up a sort of microclimate that makes innovation possible.

According to J. Kendrick, professor of Washington University and director of a thoroughgoing study into the generation of value in US firms, the ratio between the value of tangible and intangible assets in US companies switched round completely between 1929 and 1999, starting out at a ratio of 70-30 and ending up at 30-70. In many of today's ICT-related firms (information technologies, mainly Internet and telephony firms) the value of the intangibles accounts for over 90% of the total value.

According to *Outlook*, the corporate review of the consultancy Accenture, 94% of senior business executives consider an exhaustive management of business intangibles to be an important task of senior company management and 50% consider that the management of intangibles should be one of the top three issues of today's business managers.


**FOR SOME YEARS NOW THE INTANGIBLE VALUE HAS INCREASINGLY BEEN SEEN TO BE BASED ON KNOW HOW, WHILE COMPETITIVENESS IS FRUIT OF THE COMPANY'S STORE OF KNOWLEDGE, AND NOT ONLY PROTECTED KNOWLEDGE, BUT ALSO THE SO CALLED FUZZY KNOWLEDGE**

| Reasons for valuing intangible resources and assets | |
|---|---|
| **Intangible assets** | **Intangible resources** |
| • Accounting | • Integral company management |
| • Fiscal | • Strategic planning |
| • Corporate transactions | • Distribution of resources |
| • Raising Finance | • Corporate transactions |
| • Business reorganisation | • Human resources evaluation |
| • Legal action/disputes | |
| • Strategic planning | |
| • Business transactions | |

But apart from the ever-increasing references to the value of intangibles, there are two other questions that need to be answered:

### 1. Why do intangibles create value for companies?

The prime potential of intangibles is their capacity for making a firm stand out from the rest. In almost all mature markets it is by now very difficult to set apart the commercial package on the basis of functional factors. Classical marketing can be said to be dead. Aspects like quality, price or distribution, which were overriding only a few decades ago, no longer differentiate one commercial package from another. Their quality nowadays is much of a muchness; the prices are similar and the goods are sold at the same points of sale. Consumers' purchasing choices have been whittled down to a rump of brands or companies from each consumer sector stored in their minds. Breaking into this three-or-four-brand shortlist is difficult and is rarely achieved nowadays on the basis of functional properties –all very similar– but rather in terms of the standout quality provided by intangible resources or assets in the purchasing decision. Another key factor in the value of intangibles is that they are uncopiable, at least legally, while products of the commercial strategies are routinely copied. An intangible like brand or reputation is an unlimited resource that makes this package unique.

### 2. How does this value manifest itself?

The main advantage is loyalty. Intangibles help to forge the loyalty not only of customers but also employees and other company stakeholders, generating a sense of empathy and emotional attraction that often turn out to be crucial in these stakeholders' decisions, whether a purchase choice or other option.

Intangibles also have an additional value in times of crisis. In tricky junctures such as we find ourselves in now, in 2011, plunged into a worldwide downturn, it might seem that the management of intangibles or aspects that apparently do not

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impinge on the company's day to day reality or presentation of its upcoming results are downplayed in importance or at least slip down the pecking order. But can any firm afford to turn its back, even temporarily, on its intangibles and their management during a crisis? The evidence says no, since another crucial value of some intangibles, such as corporate reputation, is a palliative effect on business crises. There is a stack of evidence showing that a good reputation helps to stave off the effects of the crisis, as proven repeatedly by Charles Fombrun, from the Reputation Institute. Many studies show a strong correlation between reputation and the stockmarket value trend of companies that have suffered some reputation-based problem. Losses are clearly shown to be bigger and more lasting in companies that start out with poor corporate reputation.

## The Instituto de Análisis de Intangibles (Intangibles Analysis Institute)

The Instituto de Análisis de Intangibles is a Spanish non-profit-making association set up in 2004 by a group of companies, consultants, business schools and organisations.


The Instituto de Análisis de Intangibles has been set up with the main remit of introducing some certainty into the analysis, management and valuation of intangibles, seeking consensus solutions and inputting contributions from all stakeholders. The idea is to endow this field of knowledge with thoroughgoing tools for measuring and monitoring intangibles and to integrate the various intangible resources into the proposed valuation and management systems.

The Instituto de Análisis de Intangibles was born with the mission of analysing intangibles on the basis of objective criteria, establishing standardised rules that are duly recognised and accepted by all business-management stakeholders across the board.

This new organisation has taken on the challenge of collaborating with all the professionals operating in these areas and complementing the diverse sector-based organisations, companies and institutions who, for some years now, have been carrying out important work to develop this area of knowledge on a scientific and professional basis.

The Institute has been set up with the function of integrating and fomenting relations between companies, institutions and any other intangibles-management organisation, body or group.

The Institute aims to become a benchmark agent, together with the already existing ones, for the public bodies, promoting diverse initiatives and legislating on tangibles management matters.

The Institute works and collaborates with diverse regulatory bodies that have a direct or collateral responsibility in the regulation of aspects affecting the valuation and management of intangibles so that they can all work together on setting up new benchmark frameworks.

The Institute is organised in the form of diverse working groups with representatives from IAI partner organisations.

## Organisation of the Instituto de Análisis de Intangibles (IAI)

| Executive Committee | Methodology and Coordination Committee | Working Committees |
|---|---|---|
| This committee is made up by a maximum of seven members of the Management Board. Its coordinator is the President of the Management Board. Its remit is to prepare the matters to be dealt with in the Management Board meetings, issue prior reports on the admission of new associates and expulsion of members, organise economic affairs and see to the internal organisation of the institute. | Its purpose is to monitor the work of the Working Committees. At the same time it studies and vets the methodologies for the analysis and management of intangibles and deals with acceptance by the Institute of new proposals to be implemented. | The formation and operation of these committees are similar to those of the Management Board, and a coordinator is appointed for each one.<br>• Economic Valuation Committee<br>• Brand Committee<br>• Corporate Responsibility Committee<br>• Reputation Committee<br>• Human Capital Committee<br>• Structural Capital Committee: Organisational and Technological |

The Instituto de Análisis de Intangibles carries out the following work:

- Inputting information and reflections.
- Proposing principles and standards.
- Creating a favourable climate for phasing intangibles into economic and financial analyses.
- Supporting change as required by circumstances and demanded by the public sector.

To this end the IAI is doing all the following:

- Conducting research in the interests of standardising the evaluation, measurement and certification of intangibles.
- Promoting teaching and training activities in their various fields of action.
- Promoting awareness-raising activities by giving information and publications.

## IAI's activity is directed at three target groups:

| Members | Professional groups and the public sector | Public opinion |
|---|---|---|
| • Helping them to take on the challenges of analysing and managing intangibles within their organisations.<br>• Serving as a forum for swapping experiences and initiatives.<br>• Organising encounters and conferences with top experts on the subject. | The Institute is a qualified interlocutor for certain groups related to this matter (auditors, academics, journalists, analysts, etc.) and the government on matters of business policy and economics to propose reforms for analysing intangibles in organisations. | The Institute promotes knowledge and information on the management of intangibles in organisations and brings it to wider notice. |

| Members of the Instituto de Análisis de Intangibles | | | |
|---|---|---|---|
| **Base Level** | **Consultant Level** | **Academic Level** | **Institutional Level** |
| – ACCESOGROUP<br>– BANCAJA<br>– BANKINTER<br>– BBVA<br>– GRUPO FERROVIAL<br>– IBERDROLA<br>– KUTXA<br>– METRO DE MADRID<br>– REPSOL<br>– SANTANDER<br>– TELEFÓNICA | – BBDO CONSULTING<br>– ERNST & YOUNG<br>– HERRERO & ASOCIADOS<br>– KPMG<br>– PRICEWATERHOUSECOOPERS<br>– REPUTATION INSTITUTE<br>– VILLAFAÑE & ASOCIADOS | – EOI<br>– ESADE | – Association of Human Resources and Communication Consultants (ADECEC in Spanish initials)<br>– Spanish Association of Accounts and Business Administration (AECA)<br>– Spanish Standardisation and Certification Association (AENOR)<br>– Association of Renowned Brands (AMRE)<br>– National Brand Defence Association (ANDEMA)<br>– Association of Communication Managers -DIRCOM<br>– Higher Council of Chambers of Commerce C<br>– Corporatre Reputation Forum FORUM (FRC)<br>– State Corporation for the Development and Design of Innovation |

*Source: www.institutointangibles.com*
*N.B: The Institute is open to the membership of other institutions and companies that wish to join.*

## Responsibility for the management of intangibles: Communications Manager vs CRO

The *Study on the Spanish model of managing and reporting intangibles for a communication manager*, conducted in 2010, shows that the management of intangible assets is a recent concept in most firms, while responsibility for the management or coordination of these intangibles tends to be scattered throughout the firm's structure. The study reports that 51,9% of the communication managers surveyed did not include the management of intangibles among their main duties. The remaining 48.1% do mention the management of some intangibles among their main functions laid down by the firm, stressing the management of corporate image, brand and reputation. Only 2.5% of respondents said they managed all the intangibles.

This study shows that the communication manager's role is quickly evolving towards responsibility for a broader clutch of duties. Experts therefore point to *lacunae* in the training of communication managers; these loopholes need to be filled if they are to fulfil their growing remit successfully. The study also points to important shortfalls in the management of intangibles; lines of action therefore need to be established to solve them since this is one of the areas with the greatest potential for future development within the new role of the communication manager. Four lines of work are therefore proposed, based on the data furnished by the quantitative analyses and reinforced by the opinion of the experts consulted:

### 1) Terminology

Firstly, there is a widespread ignorance of the terminology associated with the management of intangibles. Even in the case of the brand, the tangible asset most important for the communication managers, the study throws up a host of differences. Most communication managers are not familiar with this terminology; this explains why they are sometimes not even aware that they are effectively managing intangibles until they gain a better idea of the associated functions.

2) Measurement of intangibles

The most widely used metrics for measuring intangibles today are those bound up with customer satisfaction surveys and media news trawls. Few other measuring systems are used. It is also significant that reputation risks are seldom measured. In this context experts consider that there is widespread ignorance of intangibles management metrics and call for the establishment of uniform measuring models.

3) Training

As a result of the rapid development of the communication manager's role and the detected ignorance of intangibles management, experts largely agree on the need for creating a discipline that unites the humanistic and business strands of the communication manager's job. Most of them come to the job from two disparate areas: communication and business administration, neither of which, in the experts' opinion, are nearly sufficient for covering the needs of the post in themselves. «Letters»-based education needs to be rounded out by a more financial based and business-management training while the business profile needs to be fleshed out with more communication skills.

4) Intangibles management observatory

Lastly, in terms of analysing the results, and once the abovementioned needs have been met, there is a also a need to continue studying the work carried out by the committees of the Instituto de Análisis de Intangibles and DIRCOM (Association of Communication Managers) to draw up a quantitative map of intangibles management and the reporting thereof, in order to furnish information on the Spanish model of in-company intangibles management and keep track of how it is evolving over time.

In my opinion there is no intrinsic reason why the communications manager's skills should be more conducive to the managing of intangibles than the Chief Risk Officer's. It will therefore depend on each firm and the positioning of these posts in the particular company organization as to which has greater or lesser responsibility for managing the assets and resources that currently weigh most in the company's value. Where there is no doubt at all is that both positions will have to take a much more active role in the management of intangibles. Probably, insofar as the insurance industry is involved in the management and insurance of these intangible resources and assets, the weight of the function will fall more heavily on the Chief Risk Officer and insurance manager rather than the communications manager.

## The insurance market's intangibles situation

It is surprising to find that the insurance sector is not represented at any level of the Instituto de Análisis de Intangibles. No insurance company is member of IAI and the insurance industry is not represented in the consultant, academic or institutional sectors of the organisation. In my opinion a sector that represents 5% of the Spanish GDP and manages and insures assets should form part of the Instituto de Análisis de Intangibles, in the interests of inputting its knowledge and experience to the benefit of companies and the economy in general.

Many firms have cottoned on to the importance of their intangible resources and assets and therefore identify, value and manage them in a professional way, placing the intangibles risk at the top of their risk map.

There are also many other firms that systematically measure, assess and analyse the value and trend of their intangibles, serving as criteria for valuation and quantification thereof.