reach in the course of future oriented strategic valuations.

If forecasting valuations cannot be accurate, they should at least be reliable. One's attention therefore needs to be directed to the question how well a forecasting valuation technique is able to reliably define and narrow down the inevitable value spread (this approximates accuracy as closely as possible). The quality of the manner in which this issue is addressed is an important benchmark for overall quality of a valuation tool.[46]

In this connection, reliability means providing a reproducible process which, *ceteris paribus*, yields comparable end results whenever a valuation of the same asset is repeated. This means, for instance, that the valuation process must be trustworthy enough to yield a result reflecting only the time difference in case the same asset is valued, ceteris paribus, at different points in time.

1.4.1.7 An Appropriate Degree of Objectivity

Objectivity per se is a valid goal and requirement to meet for good valuation techniques. It ensures that possible arbitrariness resulting from human handling of the valuation process is reduced to a minimum. Not surprisingly, a study has shown that it belongs to the three brand valuation requirements which are perceived to be the most important ones.[47]

However, every forecasting valuation necessarily involves subjectivity. There is no such thing as a completely objective estimate, as each appraiser will assess certain conditions slightly differently. Hence, as absolute objectivity cannot be reached, the manner in which the respective valuation methodology balances the inevitably occurring subjectivity with the pursuit of objectivity is an important quality indicator of that tool. In other words, a good valuation method provides for as little subjectivity as necessary and as much objectivity as possible.

46 A study carried out in 1999, surveying German companies, has shown that respondents perceived reliability as the most important requirement for brand valuation methods, cf. *Günther/Kriegbaum-Kling*, Schmalenbach Business Review 2001, 263, 284.

47 Out of 13 requirements; *Günther/Kriegbaum-Kling*, Schmalenbach Business Review 2001, 263, 284. Objectivity was ranked second, together with transparency.

1.4.2 Widespread Acceptance

A point which is largely criticised today is the fact that there exists a plethora of brand valuation methods but none of them is generally accepted.[48] [49] Reasons for this are both deficiencies of the models themselves and the fact that more and more companies are discovering brand equity consulting as a lucrative area of business and therefore offer their own proprietary method.

Having a widely accepted valuation tool would not only contribute to clearing up the existing thicket of methods. It would also ensure comparable valuation end results, both with respect to different valuation objects and over time (provided the valuation method is comprehensive enough to be applied on all types of brands and ideally all IP and in the course of all forecasting valuation situations). Comparability of valuation outcomes,[50] in turn, facilitates strategic decision making, for instance in the course of resource allocation.

What is more, widespread utilisation of one IP valuation tool (or, more realistically, at least a very small number of them) would enhance the financial world's confidence in such valuations. Banks and other creditors would be more inclined to lend against IP assets than at present, which would contribute to lowering the debtors' cost of capital.

In addition, it could serve as a viable framework for IP asset markets, pro-

48 *Schunk/Lütje/Heil*, markenartikel 2004, 24, 30.

49 A number of standardisation efforts are therefore being made, both on national and international levels. For instance, the *German Institute for Standardisation (Deutsches Institut für Normung – DIN)* is working on a brand valuation standard. For this purpose, it established a working group in January 2005, cf. *Deutsches Institut für Normung*, DIN-Norm für Methoden der Markenwertmessung geplant. An Austrian Standard was publicised in March 2006 (Standard ONR 16800, see http://www.on-norm.at/publish/2518.html (last accessed May 2, 2006)). It is a financial formula based on company valuation methods. What is more, the German *Institut der Wirtschaftsprüfer (IDW)* has issued a draft standard of valuation of intangible assets, cf. *Institut der Wirtschaftsprüfer (IDW)*, Entwurf IDW Standard: Grundsätze zur Bewertung immaterieller Vermögenswerte (IDW ES 5). Furthermore, *DIN* has proposed to the *International Organization for Standardization (ISO)* (http://www.iso.org/iso/en/ISOOnline.frontpage (last accessed May 4, 2006)) to elaborate an international norm which lays down the basic requirements for methods of monetary brand valuation, cf. news of April 24, 2006 (http://www.on-norm.at/publish/2518.html and http://www.on-norm.at/publish/2948.html (last accessed May 2, 2006)). On the NGO level, the *International Valuation Standards Committee* is worth mentioning (http://www.ivsc.org (last accessed May 4, 2008)). Its International Valuation Standards contain – amongst others – guidance on the valuation of intangible assets, cf. *International Valuation Standards Committee (IVSC)*, International Valuation Standards, Guidance Note 4.

50 Cf. 1.4.3.2.