

Building Brand Value Through Intellectual Asset Management

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The Internet: Hype vs. Reality

Merger mania has hit almost every industry imaginable. But what would result if a company failed to include the trademarks when negotiating an acquisition. Ask Volkswagen AG. The German automotive manufacturer bought Rolls Royce last year for \$790 million but failed to secure the rights to the name or the Flying Lady trademarked logo. This allowed BMW AG, Volkswagen's biggest rival, to snap up those rights from Rolls Royce's jet engine subsidiary. The cost? A paltry \$66 million which allows BMW to block VW from using the Rolls Royce brand.

Think this is an isolated case? Start looking at the business page from any major newspaper and you will begin to see that intellectual assets – patents, trademarks, copyrights and know-how – are big news. Just look at a few of these headlines:

“Microsoft Pays \$425 Million for Startup WebTV”

“Price Quote Network Receives US Patent on Technology that Allows Comparison Shopping on the Internet”

“Netcentives Receives Patent for Online Frequent-Buyer Program”

Imagine how American Airlines, the inventor of the nation's first frequent flyer program, felt when it saw that Netcentives, an Internet startup, had cornered the market on buyer incentive programs. But smart executives are learning that intellectual asset management, or IAM, is a strategic and lucrative business practice.

What is IAM? Very simply it is a business process that uses patents, licenses, trademarks, copyrights and know-how to design business strategies that result in reduced costs or increased revenues. While the practice of IAM is relatively new, the idea has been around since 1778. As many of the United States founding fathers were inventors, they ensured that inventor's rights were protected in the US Constitution (Article 1, Section 8). However, IAM is not just a US practice. Intellectual assets are protected internationally through the World Trade Organization. Because government and business leaders everywhere understand that managing intellectual assets is a good idea.



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The Network rests on a very simple, but powerful, idea: *all of us are smarter than any one of us.* By sharing our best ideas, by reacting to and debating each others' ideas, by partnering with each other, by helping solve each others' problems, each of us becomes smarter and stronger and more competitive.

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How can public relations professionals take advantage of this hot business practice? By using it to build a strong and defensible leadership position for a company or client. For instance, a company can employ IAM in its product launch process. Rather than announcing the product at availability and then demonstrating market strength based on the number of purchases or market share, a company can initially announce the product when the patent is awarded. This signals to the market the category owner prior to any product shipments, thus freezing the market for other competitors.

Following release of the product, the public relations program can be enhanced with feature articles and case histories on the company's IAM strategy, further demonstrating market superiority and strength to customers, competitors and financial analysts.

IAM can also serve as a strong branding tool to build additional revenue lines. Rather than simply applying for a trademark on a product name or logo, a company should also set a brand valuation target. Marketing and public relations budgets should be applied to building the brand's value in the market. Once the brand is built, the company can then begin to license the brand, thus generating a new line of revenue. This allows marketing and public relations to become a revenue line for a company rather than just an expense. The Rolls Royce name and logo was sold for \$66 million, or roughly 8.35% of the total value of the company. The actual value of the intellectual asset is estimated to be about 80% of the total company's value.

In today's global market, IAM is big news. By instituting this type of business practice, companies can increase their value in the market and to their clients.

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To learn more about the practice of IAM, check out the following books:
"Profiting from Intellectual Capital: Extracting Value from Innovation" by Patrick Sullivan
"Intellectual Capital: The New Wealth of Organizations" by Thomas Stewart
"Competitive Intelligence" by Larry Kahaner
"The Patent Wars" by Fred Warshofsky

There are also several software programs and consultants that specialize in the field of IAM.



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