Accounting for Intangible Assets: The Strategic Performance of Marketing

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Abstract: Marketing has a unique opportunity to take a leadership role in the management and assessment of the performance of intangible assets. Standards recently adopted by ISO for the evaluation and valuation of brands provide an occasion for marketers to provide such leadership in a domain for which marketers and the marketing discipline possess an especially appropriate skill set. This chapter explores the new ISO standards and their implications for the marketing discipline.

Introduction

There is continuing angst in the marketing discipline about marketing's identity and the role it should play in organizations and society as a whole. As recently as June of 2018 a special issue of the *Academy of Marketing Science Review* focused on marketing's identity crisis—and this identity crisis appears to be chronic, going back many decades (Alderson, 1957; Bartels, 1974; Moorman and Rust, 1999; Wilkie and Moore, 2007). It does not help that the definition of the marketing function varies widely from organization to organization, ranging from a focus on purely tactical activities such as sales support to strategic activities designed to drive future growth (Landry, Tipping, and Dixon, 2005). Such a range of operational definitions makes it difficult to identify common metrics for measuring expectations for marketing performance and for defining marketing's unique contributions to organizational outcomes.

The character of the marketing function in many organizations makes it a ready candidate for budget cuts, even as it is entrusted with managing such valuable assets as brands and customer relationships (Stewart, 2019; Williams, 2016). However, because such intangible assets as brand and customer relationships are not carried on the firm's balance sheet, they are easy to ignore. This state of affairs is changing and with this change, the marketing discipline has an opportunity to

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redefine itself. Indeed, marketing as a discipline stands at a crossroad where it can choose to emphasize its strategic role or become a largely tactical function. Two recent phenomena have brought marketing to this crossroad: the tremendous growth of intangible assets as a proportion of the value of firms and the development of international standards for the evaluation and valuation of brands. This chapter focuses on the implications of these two phenomena for the future role of marketing and the evaluation of marketing's performance. In evaluating these two phenomena and their implications for marketing, it is useful to do so in the context of an understanding of the historical roots of the marketing function.

Marketing's Historical Roots

Although the origins of marketing can be traced to antiquity (Winsor and Stewart, 2018), the emergence of marketing as a formal business function dates from the early 20th Century (Wilkie and Moore, 2003; 2012). The marketing function grew out of a very real need within society to match supply and demand as people moved to urban centers and away from farms, and as growing affluence made possible the expression of individual differences and preferences in purchase behavior. In response to these trends, marketing emerged as an applied discipline concerned with the means, mechanisms, and processes related to the ways in which society efficiently provides for itself, i.e., how it moves goods and services from sources of supply to points of demand.

Markets and marketing are about the matching of supply and demand in the presence of a diversity of demand. As a result, this function is more than a simple matching of existing supply and demand. Rather, supply (products and services) is itself often altered in some way to match the diversity that exists in the marketplace and consumers (the source of demand) are frequently educated about differences in products and services that are meaningful to them. This involves exchanges among buyers and sellers, but such an exchange is frequently not just material exchange of goods and services for money. Rather, much of exchange—and an increasingly greater proportion of the exchange that is occurring today—is social exchange related to experiences, relationships, personhood, status, and symbolism, among others. For example, much of the value of Disney amusement parks is related to the shared social experiences of patrons who derive value from being a part of the creativity and storytelling that is an integral part of the park experience. The value of the rides themselves arises from links to the patrons' imagination and ability to become a part of a well-known story, such as the opportunity to “fly” the Star Wars’ Falcon Millennium.

Such social exchange has always been a part of market exchange but has become both more important and visible in recent years. Markets in developed economies have become much more about satisfying the social needs of consumers than simply their biological needs, and this has resulted in the dramatic rise of intangible assets. The value of commercial music arises, in part, from the shared consumption experience, even when the consumer is listening alone. Fashion products derive their value as much from symbolism as the materials from which they are made. Intangible assets are assets used in the operation of a business that have no physical substance. Table 1 provides a list of some, but certainly not all, types of intangible assets.

Table 1: Examples of Intangible Assets adapted from Stewart (2019, p. 20)

Examples	
Brands	Proprietary Business Processes
Trademarks	Franchise Rights
Customer Loyalty	Relationships
Reputation	Knowledge
Patents	Copyrights

The International Accounting Standard 38 (IAS 38) defines intangible assets as ‘non-monetary assets which are without physical substance and identifiable (either being separable or arising from contractual or other legal rights)’ (IFRS, 2019). It is not possible to hold intangible assets in one’s hand, weigh them, smell them or taste them. They are not factories, machines, nor inventory. Rather, such assets include things like brands, knowledge, patents, goodwill, and trademarks. Reilly and Schweihs (2016, p. 10) observe that:

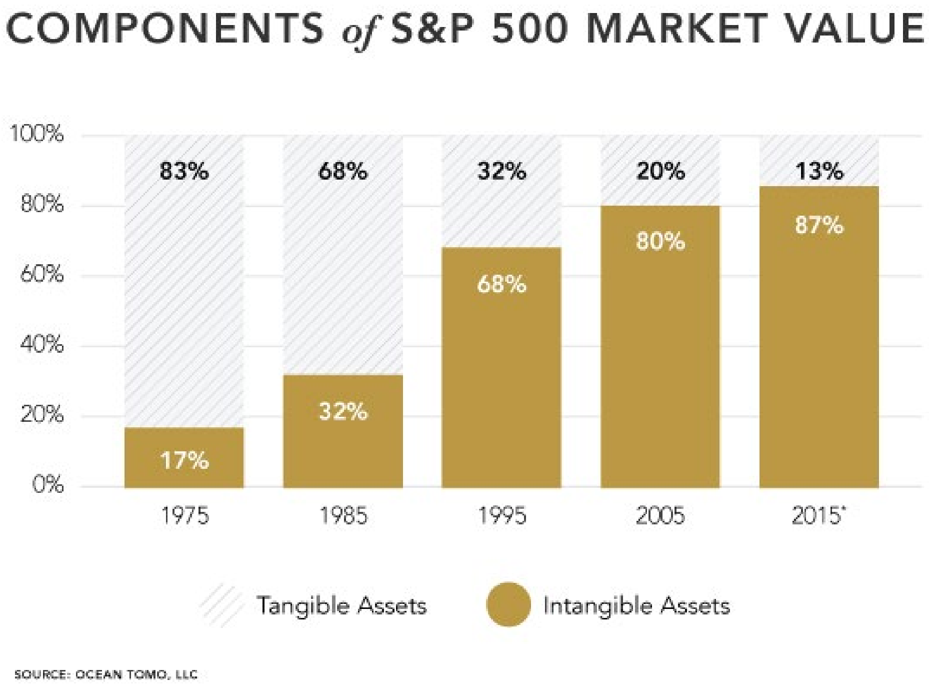
> ...the value of an intangible asset does not flow from physical features. The owner/operator derives economic benefit (directly or indirectly) from the legal rights associated with the intangible asset and the intellectual content of the intangible asset. The physical components of the tangible asset are the asset. The physical components of the intangible asset are merely a representation of the asset.

Marketing has long been a custodian of many of these assets, but because they have seldom appeared on balance sheets, they have not received the attention they have deserved, and marketing has not received the credit it deserves for creating and managing these assets. This state of affairs has changed.

The Role of Intangible Assets

There has been a dramatic rise in the value of intangible assets relative to tangible assets in contribution to corporate value. As shown in Figure 1, in the mid-1970's around 17 % of the value of corporations was associated with intangible assets. By 2015, some 40 years later, 87 % of the value of corporations was associated with intangible assets. Similarly, Brand Finance (2017) reports that significant portions of the value of firms are associated with intangible assets. PWC has also undertaken research on the role of intangibles that shows that on average intangible assets comprise about 80 % of company values (Makovsky, 2012). Thus, there is convergence among a number of different sources and research approaches suggesting that intangible assets typically range between 80 and 90 % of the value of a firm.

Figure 1: Intangible Assets as a Percent of the Value of Firms (Ocean Tomo, 2015)



Intangible assets are especially valuable to a firm. This is because they provide barriers to entry. Brands cannot be legally copied, and they differentiate products—even those that are otherwise commodities. Brands can be a significant source of differentiation; they provide a more stable and profitable earning stream (Rego, Billet, and Morgan, 2009). Loyal customers continue to come back on a regular basis, which contributes to the stability of revenue over time. Relationships with suppliers and distributors represent the means for the efficient management of value chains. Knowledge of customers and markets provide a means of identifying better solutions for customers that can provide price premiums for the firm. Intangible assets have very long lives: brands, copyrights, trademarks, and customer relationships last for long periods —some over a hundred years.

There are four components of intangible assets (Haskel and Westlake, 2018). First, there are people. Individuals who are loyal to a company or a brand are a valuable asset, not just because they continue to buy products and services over time, but also because they can become an extension of a firm's marketing efforts through recommendations to others. People within the firm who have knowledge of customers and value delivery systems are also valuable assets. Second, there are relationships. These relationships may be between an individual consumer and the company, between supplier and distributor, and among employees within the same firm. Third, there is a structural and organizational component of intangible assets. Such structural and organizational assets may relate to contracts, to business processes, to franchise relationships or other types of relationships. Finally, there are business models—the ways in which firms make money. Such models are inherently intangible because a business model is an idea or concept, along with the practices and processes by which the model is implemented.

Intangibles have sometimes been characterized as possessing the "Four S's" (Haskel and Westlake, 2018). They are scalable. They are scalable in the sense that once an asset is created, such as a brand, it is possible to deliver that asset into the marketplace again and again, and into market after market. Similarly, once relationships are created in the context of an individual product or service, it is often possible to leverage those relationships for the purposes of selling additional products and services. While tangible assets may also be scalable, there are generally far greater limitations on the extent to which they can be scaled. A production facility or piece of equipment cannot be scaled beyond their capacity. On the other hand, once Facebook created a software platform, it could be scaled almost infinitely.

Second, the creation of intangible assets is also more likely to produce sunk costs than equivalent investments in tangible assets. An investment in an intangible asset frequently results in an asset that has value only within the context of a particular business, with less (or even no) value outside of the business in which it was created. Of course, such an asset can be sold—the business can be sold to another business, but it is not usually possible to make the investment in an intangible asset and move to another use, unlike a machine or production facility.

Third, there are spillover effects. It is hard to protect many intangible assets. Brands, trademarks, and copyrights can be protected, but many intangible assets reside in people. People move, and as people move, they take knowledge with them. They have an understanding of business processes, the business' customers, and an understanding of how products are designed and work. Therefore, it is very hard to prevent the flow of information outside the firm to other organizations and businesses. Unlike a tangible asset such as a factory which is very difficult for another firm to use and if they did try to do so they would risk the legal action, many intangible assets are not easy to protect.

Finally, there are synergies—opportunities to put together a variety of different intangible assets to create an even bigger business. As an example, consider Apple. Apple has put together research and design that provides telephone service but also provides the ability to access the internet, to download music through their music store, to watch a video, both streaming on a computer, on an iPhone, and through Apple television. These are business services that grow out of putting together intangibles in new and novel ways to build a business.

There are three additional characteristics of intangibles (Haskel and Westlake, 2018). One is uncertainty. In developing an intangible asset, it is often difficult to tell in advance the degree to which it will, in fact, be successful. For every Facebook and Google, there are hundreds (or even thousands) of software firms and innovative relationship-building firms that failed. Uncertainty exists for tangible products as well, but when uncertainty is combined with the greater likelihood of sunk costs for intangible assets, investment risk increases substantially. In addition, many of the factors that contribute to the market success of intangible assets, such as scalability and synergy, are more difficult to predict than is the case for tangible assets. Secondly, there is greater contestedness (Haskel and Westlake, 2018). The competition around intangible assets is rather different from that related to tangible assets. Because intangible assets are often ideas, such as processes, business models, and relationships, it is more difficult to protect such assets. Finally, there is an option value. Intangible assets create opportunities that would not otherwise exist. These opportunities in and of themselves have value, which is one reason that many firms that appear to be making no money, actually have very high market valuations.

The unique characteristics of intangible assets result in a number of interesting outcomes (Haskel and Westlake, 2018). One is a decline in total investment in innovation, largely related to the increased uncertainty associated with intangible assets. However, even as the total investment has declined, there has been a rising return on the investment that has been made. There are big winners, there are big losers. The margins of very large organizations like Apple, Google, and Netflix grow larger, even as other organizations such as Toys R Us and Sears go out of business. This separation into winners and losers is seen across industries, it is seen within industries, and it is seen across people. As a result, much of the upside of the U.S. stock market in the past decade has been largely driven by a small number of firms (Derousseau, 2018).

Managing Intangible Assets

Despite their clear import and proportion of the total value of firms, most intangible assets are not carried on the balance sheets of firms. Perhaps even more troubling is that surveys of managers suggest that firms' approaches to measuring and managing intangible assets are either poor or nonexistent (Marr, 2008). This dilemma creates an opportunity for marketing and marketers. Marketing has a long history of creating and managing intangible assets. To be sure, not all intangible assets are created by marketing, but many are including brands, customer loyalty, customer relationship management, distributor relationships, and a variety of business models and processes. Arguably, the marketing discipline has a unique skill set for creating and managing intangible assets. As a result, marketing has an opportunity to step up and accept responsibility for this increasingly important but dramatically under-managed task. At the same time, there is growing recognition of the need to more systematically manage intangible assets and increasing concern attention to the development of standards for the measurement and management of intangible assets.

While there are many types of intangible assets, brands are among the most common and most widely studied by marketers. Thus, it is, perhaps, not surprising that brands would be among the first intangible assets to attract the attention of standards setters seeking to formalize the measurement of intangible assets.

Emerging International Standards

The International Organization for Standards (ISO) has a long history of focusing on the measurement, management, and reporting of intangible assets (Institute of Asset Management, 2018). In May of 2018, ISO Technical Committee 289 adopted a set of standards for brand evaluation (ISO, 2018).[2] These new standards address processes for examining and evaluating the strengths and weaknesses of a brand and brand performance over time. The standards include many individual elements that may be well-known to marketers, but it is a more systematic approach to the evaluation of brands (and more generally the value of intangible assets). This standard for brand evaluation complements an earlier ISO standard—10668 that focuses on brand valuation. Taken together, the two standards provide a systematic roadmap for evaluating the health of a brand (ISO 20671) and the economic value of a brand (ISO 10668).

Figure 2 provides an overview of the ISO brand evaluation standard. These standards are really meta-standards in the sense that they suggest a number of dimensions that inform the evaluation of brand health. These standards also make clear that evaluation must be a continuous process that feeds into an economic evaluation of the brand, which is addressed by ISO standard 10668. Table 2 provides a list of the factors the ISO standards suggest as elements of the brand valuation process.

[2] The Marketing Accountability Standards Board (MASB) served as the U.S. representative to the ISO technical committee. See https://themasb.org.

Figure 2: ISO Standard for Brand Evaluation (ISO, 2019)

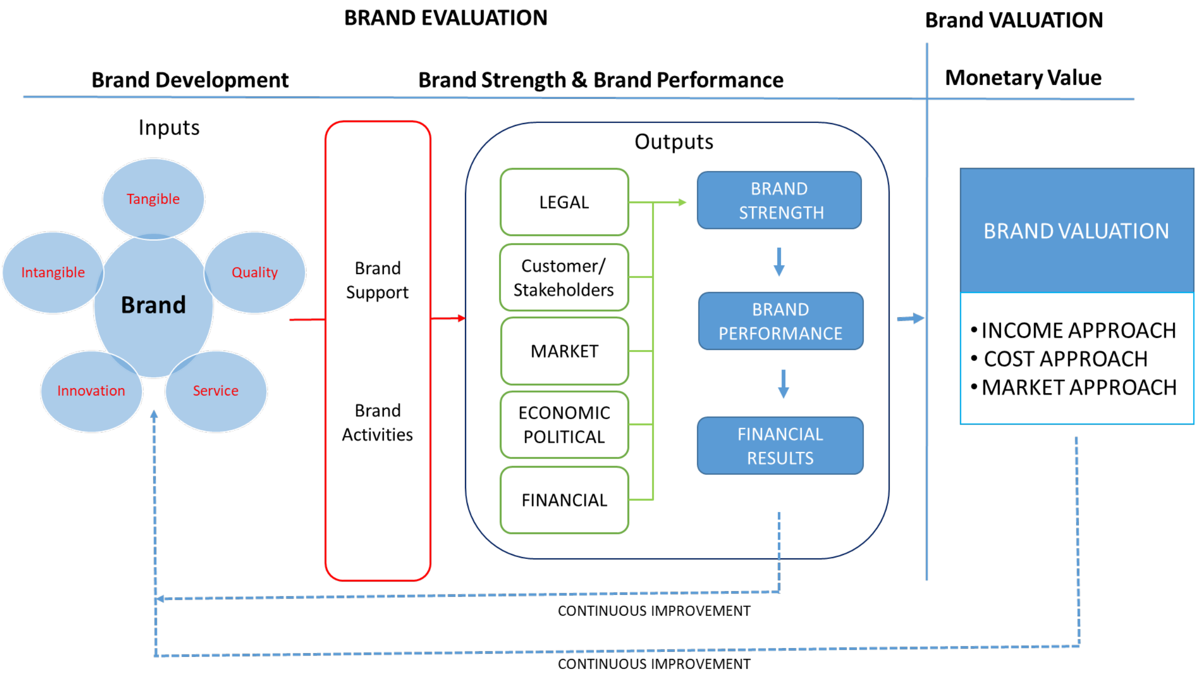

BRAND EVALUATION
Brand VALUATION
Brand Development
Brand Strength & Brand Performance
Monetary Value
Inputs
Tangible
Intangible
Quality
Brand
Innovation
Service
Brand Support
Brand Activities
Outputs
LEGAL
Customer/ Stakeholders
MARKET
ECONOMIC POLITICAL
FINANCIAL
BRAND STRENGTH
BRAND PERFORMANCE
FINANCIAL RESULTS
BRAND VALUATION
• INCOME APPROACH
• COST APPROACH
• MARKET APPROACH
CONTINUOUS IMPROVEMENT
CONTINUOUS IMPROVEMENT

Table 2: ISO Requirements for Brand Valuation (ISO 2010, p. 2)

General Requirements	
Transparency:	Monetary brand valuation processes shall be transparent. This requirement includes disclosure and quantification of valuation inputs, assumptions and risks as well as, when appropriate, sensitivity analyses of the brand value to the main parameters used in the valuation models.
Validity:	A valuation shall be based on valid and relevant inputs and assumptions as of the value date.
Reliability:	If a valuation is repeated, it shall reliably give a comparable and reconcilable result.
Sufficiency:	Brand valuations shall be based on sufficient data and analysis to form a reliable conclusion.
Objectivity:	The appraiser shall conduct the valuation free from any form of biased judgement.
Financial, behavioral and legal parameters:	When performing a monetary brand valuation, financial, behavioral and legal parameters shall be taken into account, the aforementioned parameters forming part of the overall assessment. The monetary brand valuation shall be conducted on the basis of the findings from the financial, behavioral and legal modules.

The ISO standards for brand evaluation identify a number of general approaches to valuation that are well-known to marketers. These include the income approach, which values a brand based on the incremental cash flow that arises from a brand. An alternative price-premium approach identifies the size of the price premium that can be obtained from various branded products. The ISO standards also suggest a royalty relief method, which establishes the value of a brand through identification of the royalty a brand would command for license. There is also a market approach, that looks at the size of the market, market share, and factors that contribute to strengthening the marketplace. Finally, the ISO brand valuation standards suggest a cost-based approach, the investment that would be required to build the focal brand i.e., what it would cost to replicate the brand (or any other intangible asset) in the future.

An important contribution of the ISO standards is an explicit recognition of the importance of managing the economic value of brands—and intangible assets more generally—over time. While there is recognition of the economic value of brands among academics and managers, the adoption and application of specific and systematic standards to value brands and other intangible assets and reflect that value in some way in firms' financial reporting has not been broadly embraced by marketers or U.S. companies in general. The ISO standards offer an opportunity for marketers to take a leadership role in the implementation of these standards. Even if not initially driven by U.S. firms, adoption by firms in China and other countries will likely create investor pressure for their adoption—and reporting—in the U.S., Europe, and elsewhere. It is a certainty that if marketing does not take leadership in managing this process, some other business disciplines such as accounting or finance will do so—the takeover of quality management and supply chain management by operations serve as recent reminders of this.

The ISO brand valuation requirements are quite specific in terms of what should be evaluated and reported. The position and status of the appraiser who is doing the evaluation. Why was the valuation being done? What is the brand? What brand-related assets are being valued? The ISO standards require answering questions that are fundamental to the business: Who is addressed by the brand? What is the premise of the value—or stated in marketing terms, what is the value proposition? In doing the valuation what approach and method were used? What was the date of the valuation? What was the result of the monetary brand valuation? What data sources were used? How is brand health monitored over time? And, what are the key assumptions and sensitivities related to the brand's future value?

Adoption of the ISO standards may be expected to lead to a number of beneficial outcomes. For example, the standards will enable much more of an “apples to apples” comparison of brands across companies, and maybe the first “apples to apples” comparison across the firm’s brand portfolio within some companies. In practice, this will create a greater number of comparable external and internal brand benchmarks that will likely encourage and facilitate firms’ efforts to engage in benchmarking both their brands and brand management activities and practices. Such benchmarking may be expected to lead to greater brand asset management-related learning and the identification of brand management approaches that lead to enhanced brand value.

Such information would not only have value to managers; investors and potential investors would also benefit. It would help investors determine the relative health of their investments in firms where intangible assets are dominant. It would also provide a means for identifying under-performing brands in firms that might be potential candidates for acquisition. Such information may also make acquisition prices less prone to large errors related to substantially over-paying or underpaying for a brand that is part of an acquisition.

One likely short-term outcome of such benchmarking within firms is a more efficient allocation of capital—brands that are making better use of capital to create brand value will receive a greater proportion of the firm’s financial resources. In the medium-term greater brand-related benchmarking should also lead to more efficient use of a firm’s capital as more effective brand management practices within the firm are identified and replicated across the brands in a firm’s portfolio. In the longer-term, as such external and internal brand management learning takes place and spreads across firms this may lead to less variation in the value of brands within an industry. If true, the consequences of such increased within-industry convergence in brand management practices and asset values are difficult to predict. On the one hand, it may provide greater incentives for firms to experiment with new brand asset management approaches in an effort to provide a competitive advantage. On the other hand, greater convergence may provide less of a competitive advantage for firms within an industry (while still providing a barrier to new entrants), leading brands to be viewed as more of a necessary but not sufficient asset for out-performing rivals.

Another potential consequence of adoption of the ISO standards is that by focusing greater rigor and attention on capturing, valuing, and reporting the firm’s activities and their outcomes for each of the firm’s brand assets it also likely to lead firms to focus to a greater degree on leveraging existing brand assets vs. creating new ones. This can be a good thing from a capital allocation and firm performance perspective since it is less likely that firms will unnecessarily create new brands (which is expensive and time-consuming) and under-utilized existing brand assets. However, this may also lead firms to under-focus on growth opportunities that may not be a good fit for the firm's existing brand assets—and thus require new brands. If so, this may be expected to accelerate the emerging trend among CPG/FMCG firms to effectively outsource their product innovation by monitoring relevant start-up activity and buying brands that begin to gain traction in market spaces in which the firm seeks to grow.

There may also be other potential downsides from the ISO standards. For example, the enhanced focus on capturing and reporting brand-related activities and their brand value outcomes brought by the standard's adoption may create incentives for managers to maximize short-term brand value. It is the nature of many brand-related investments and marketing actions that they either take time to pay-off or have longer-term payoffs that are significantly greater than those in the short-term (Ambler and Roberts, 2006). This is the heart of the "balancing act" of marketing's contribution to firm cash flows—investments and activities to create and maintain the firm's market-based assets that will generate future cash flows while simultaneously harvesting them to provide current period cash flows (Feng, Morgan, and Rego, 2015).

For this reason, in the medium-term, it may make sense for firms to complement short-term ISO brand management and value reports with longer-term reports, such as a rolling 3-year brand value averages. In addition to reducing the dangers of dysfunctional short-term-focused incentives for managers, such information may give investors a better predictor of the longer-term health of the firm's brand assets and prospective cash flows. In the short-term, however, once the ISO standards are adopted by a firm it will take a number of years for sufficient data to compute such three-year averages to become available.

The Contributions of Marketing

The ISO standards serve to institutionalize the contributions of marketing, make them more visible, and extend them beyond brand alone. Indeed, the standards provide an opportunity for marketing to broaden its contributions and enhance its strategic role. Marketing already makes contributions in several quite distinct ways. It is certainly the case that many marketing activities produce short-term incremental effects such as increased sales, increased brand awareness and so forth. These short-term effects are easy to measure, and perhaps as a direct result of this measurement ease, they have tended to be the things that marketers focus on most often. However, the ISO standards make much more explicit the importance of marketing in the creation of longer-term effects—what some have called persistence effects (DeKimpe and Hanssens, 1995), such as brand equity and customer loyalty. Indeed, there is evidence that for an activity such as advertising, the long-term effects of advertising are more than two times the magnitude of the short-term effect (Nielson, 2015). Such long-term effects are not the only way marketing contributes to the future of the firm.

In addition, marketing also makes contributions by creating new opportunities for the firm to increase its effectiveness and/or efficiency. For example, a brand can be extended into other product categories or a website for information purposes can be modified to become a distribution channel. Such future opportunities are often called “real options”. Real options have real value. Indeed, economists have suggested that the real options possessed by a firm accounts for about half of the value of the firm (Pindyck, 1991). This might be another way of saying that (or even explaining why) the intangible assets of a firm typically account for half or more of the value of the firm.

The contribution of marketing has always been related to the financial performance of the firm, but in most organizations the measures of marketing performance have stopped short of an explicit statement of the financial outcomes it creates (Katsikeas et al., 2016). Such financial outcomes are easy to identify—they represent the (future) cash flow of the firm (Stewart, 2019). Marketing contributes to generating cash flow in three ways.

One source of cash flow is related to customer acquisition and retention, i.e., obtaining new customers and holding on to current customers. This cash flow is therefore related to increasing and managing the customer base. A second source of cash flow is share of wallet, i.e., increasing the frequency of purchasing relative to competition (market share) and/or increasing consumption in the category (the size of the category). The third source of cash flow is associated with increasing the share of wallet across categories, i.e., selling additional products or offerings to existing customers. This latter source of cash flow involves cross-selling, i.e. finding new offerings for existing customers. Every marketing activity should be evaluated relative to its contribution to these cash flow drivers (Blair et al., 2016). The ISO standards provide a mandate for such evaluation.

The ISO standards also create an opportunity for the marketing discipline beyond brand—where marketing could take a leadership role by demonstrating how other intangible assets contribute to cash flow. In order to do so marketing will need to more explicitly address the ways in which firms make money i.e., the business model of the firm. Business models take many forms (Stewart, 2019). Firms can make money through margins, a price premium that people are willing to pay because there is a strong brand, an innovation, or a design feature that people value. Alternatively, firms may make money through asset turns or velocity, focusing less on large margins and more on the amount sold within a given period of time.

Finally, firms may make money through asset leverage marketing. This latter business model is not so much about financial leverage as it is the use of a third-party's assets to make money. Probably the best example of a business model involving marketing leverage, and indeed brands, is Disney. Disney's core business has always been making movies that star animated characters that are intangible assets and are copyrighted so that they are protected. Disney makes money on the motion pictures as people attend movie theaters and buy videos, but Disney is also able to use the assets of other organizations and leverage those assets to its own advantage. For example, a new character becomes the basis for an arrangement with a toy manufacturer. It is the toy manufacturers assets that are used to turn the intangible asset—the character—into a product for sale. Disney does not own the factory but does obtain a royalty of licensing fee. So, to a large degree, Disney is leveraging that character by using the assets of another firm.

Similarly, in the fast-moving consumer goods category, the Coca-Cola Company uses its knowledge, an intangible asset, related to its secret formula for its cola syrup as a source of cash generation. It is able to leverage the assets of third-party bottlers and distributors by licensing the use of this knowledge.

A firm's business model is the way in which the firm creates value for itself (and thereby its owners). Marketing has a long history of focusing on value creation, but with more of an emphasis on the value created for the firm's customers. While such customer emphasis is an important and necessary factor in creating value for the firm, it is now necessary for marketing to be more explicit about how it helps create value for the firm. In doing so, it is important to define marketing's performance in terms of how its activities contribute to cash flow. The new ISO standards make this imperative explicit.

Extending the Role of Marketing

To the degree that marketing becomes more focused on business models, there is an opportunity for it to expand its strategic role in an era where intangible assets are the dominant driver of value in many firms. There is an opportunity to make marketing much more than simply being the keeper of firms' brands; it can embrace the management of intangible assets more generally. One of the real challenges with the rise of intangible assets is that most do not show up anywhere in the financial reporting of the firm. However, they are increasingly recognized and understood by financial analysts and certainly by sophisticated investors. As a result, there are also increasing demands for accountability—if 80 to 90 % of the value of a firm rests in intangible assets, investors will require the firm to be accountable for how they are managing those assets. The new ISO standards are likely only the beginning of the requirements for greater accountability. They also represent a model for measurement and accountability that may be extended to other intangible assets.

As such accountability demands become the rule, marketing has an opportunity to position itself as the champion and driver of such accountability within the firm. In an age of intangible assets, there is the opportunity for marketing to reclaim its proper role in the strategic management of the firm and in assuring the optimal financial performance of the firm. This ultimately takes the discipline back to the observation of Peter Drucker that marketing is so basic that it cannot be considered a separate function, it is the whole business seen from the point of view of its final result—the customer's and financial performance of the firm point of view.

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