

**METHODOLOGICAL ISSUES ON THE ASSESSMENT
OF INTANGIBLE ASSETS CONTRIBUTION
TO THE PERFORMANCE OF ENTERPRISES**

Cristian Teodorescu¹, Lucian Constantin², Aurelia Ballo²

¹ CERTINDECO-SRL, Bucharest, Romania

² National Research and Development Institute for Industrial Ecology –
ECOIND, 90-92 Panduri Av., district 5, zip 050663, Bucharest, Romania,
ecoind@incdecoind.ro

ABSTRACT

One of the modern point of views in analysing a business is the value network (VNM, 2011). This a perspective that describes social and technical resources within and between businesses. The nodes in a value network represent people (or roles). The nodes are connected by interactions that represent tangibles and intangible deliverables. The paper stresses the role of intangible deliverables that take the form of knowledge, technical expertize, reputation, personal touch, transparency, tradition, openness to change, innovation potential and capacity, etc. All these are more and more part of the value added by a company and they account more and more substantially for the overall worth of products and services generated by a specific business. Checklists including potential intangible costs are presented and the classical structure of environmental management costs (Jasch, 2006), completed.

Keywords: environmental management costs, intangible costs, sustainable development, environmental footprint

INTRODUCTION

Currently, companies using the classical approach to accounting and financial reporting are not compelled to identify and quantify intangible costs, though it is acknowledged that they constitute 50-90% of the market value of a company and are a valuable source of value added. Companies that identify such costs are not eager to communicate them and limit themselves to material, tangible, visible costs. There are, anyway, some intangible costs already present in the current accounting system (e.g., the “goodwill” costs, or the costs for R&D) Investing in intangibles, in all organizational processes, including environmental awareness and protection means investing in a source of benefits and value added, in elements that will lead directly to increased company’s visibility, market value, improved public image.

CATEGORIES OF INTANGIBLE ENVIRONMENTAL COSTS

The following tabel includes potential intangible costs, especially those related to environmental protection. The main ideas of a recent project in the field (EU MERITUM Project, 2011) are developed and detailed.

Table 1. Checklist for intangible environmental costs

No.	Category of Intangible expenditure	Remarks
1	Management/Leadership	
1.1	Organization Strategy and its implementation	Building up a Strategy team / office. Costs of gathering and processing data, elaborating policies, strategies, procedures, action plans, indicators, monitoring progress, especially in the field of environmental protection. Costs of updating, tuning the strategy Costs of communication, dissemination
1.2	Communication	Costs for building up a communication infrastructure inside the organization and between the organization and its stakeholders, on environmental problems. Costs of meetings, workshops, disseminating material, costs of processing information from stakeholders
1.3	Transparency	Costs of building up consensual environmental approach in all the organization structure. Costs of meetings, visits, discussions, access to organizational compartments by all stakeholders.

No.	Category of Intangible expenditure	Remarks
1.4.	Costs of representation	Costs of legal representation of the organization. Costs of connexions with Regulating Agencies, Administration, etc. Consultancy, expertize, especially in the field of environmental protection
2	Organizational structure	
2.1	Technologies, internal processes	R&D in the environmental field Access to information, databases, Journals, libraries on environmental subjects Costs of software for information processing, data-mining in the environmental field Costs of modifying / improving existing procedures for ZERO-waste target. Costs of certifications, auditing, training
2.2	Human Capital	Identifying, attracting, retaining, motivating skilled, experts, in the environmental field Building enviro awareness Best practice dissemination, encouraging innovation, participation
2.3	Working place structure, culture	Coaching, team-building, implementing the “Toyota Spirit”-like attitude
3.4	Innovation	Encouraging employees innovation, creativity in the enviro field. Motivation, dissemination
2.5	Intellectual Capital	Protecting, maintaining, developing, using, selling the intellectual capital available, in the environmental field (patents, franchise, licenses, royalties, legal actions, etc.)
2.6	Adaptability	Modifying / adapting organizational structure to newest trends, threats, especially in the enviro field.
3	Relational Capital	
3.1	Brand Value	Creating, consolidating, maintaining, protecting, promoting the Company brand. Sponsorships Visits, demonstrations
3.2	Organization tradition, reputation	Identifying elements of organziational tradition, history, achievements, best employees, managers, landmark results obtained in the environmental protection
3.3	Alliances, networks	Taxes, contributions Visits, documentary trips, experience exchange, participation to national –

No.	<i>Category of Intangible expenditure</i>	<i>Remarks</i>
		international events, with stress on reducing the environmental footprint of the organization Aquisition, mergers (goodwill expenditures) Lobby to potential influential factors to facilitate the business environment in which the company activates. Study of other similar competitors, especially in the field of environmental performances Costs of access and protection of sensitive information
3.4	Stakeholder Engagement	Costs of identifying, communicating, visiting stakeholders, with stress upon the environmental aspects in the organization. CRM (Customer Relationship Management) Social Responsibility costs – in the field of environmental protection

The above Checklist completes the well-known structure of environmental costs devised by Jasch (Jasch, 2006). Thus, a more comprehensive structure, including intangibles could look like that in the following table.

Table 2. Tangible and intangible costs in an organization.

No	Cost Category
1	Emission and waste treatment
1.1.	Amortization
1.2.	Maintenance, materials, energy, services
1.3.	Personnel
1.4.	Taxes, contributions
1.5.	Fees, penalties
1.6.	Insurances
1.7.	Provisions
1.8.	Intangible costs (Cf. Checklist in Table 1)
2	Environmental protection
2.1.	Management services – external contracts
2.2.	Environmental personnel

2.3.	Research and development
2.4.	Other expenses related to cleaner production
2.5.	Other expenses related to environmental management
2.6.	Intangible costs (Checklist in Table 1)
3.	Non-product output (NPO) expenditures
3.1.	Raw materials
3.2.	Packaging
3.3.	Auxiliary Materials
3.4.	Other materials needed for production
3.5.	Energy, utilities
3.6	Water
3.7.	Intangible costs (Cf. Checklist in Table 1)
4.	Processing costs for NPO
4.1.	Intangible costs (Cf. Checklist in Table 1)
	<i>Σ Enviro expenditures</i>
5	Environmental income
5.1.	Awards, subsidies
5.2.	Other incomes, including from intangibles (Cf. Checklist in Table 1)
	<i>Σ Enviro income</i>

ROMANIAN MANAGERS AND INTANGIBLE SOURCE OF VALUE

A questionnaire including various aspects regarding intangibles has been distributed to some 150 Romanian managers in May-June 2011. 84 answers were collected. The Questionnaire included reference to the already discussed intangibles.

What was the opinion of respondents about these issues is illustrated in the following figure.

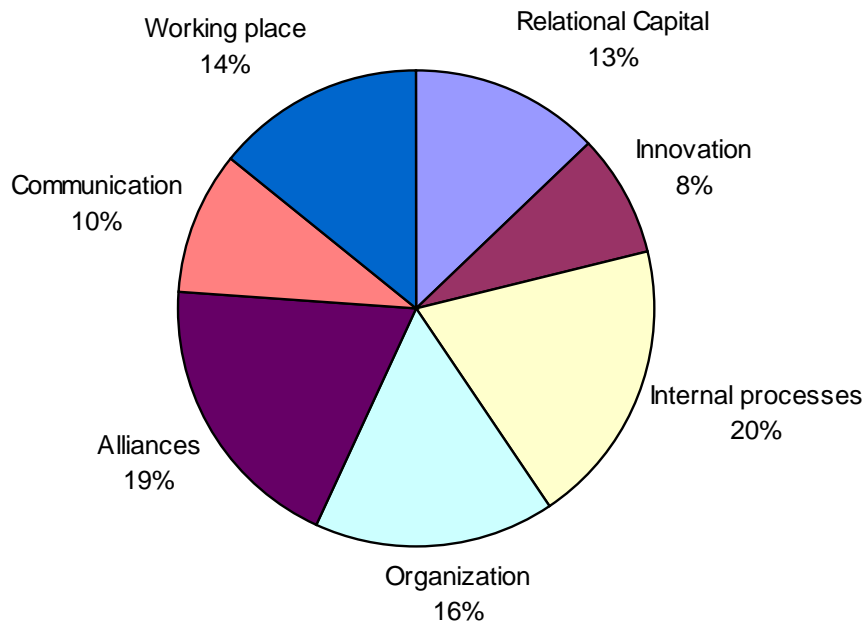


Figure 2. Statistics of answers of 84 Romanian managers. Relevance of various intangibles.

One can easily remark that subjects as “Communication” and “Innovation” are not at all on the top list of managers’ priorities, being awarded the lowest relevances!

It seems that Romanian managers still have to understand the power of intangibles, before aligning them to the most performant EU managers..

REFERENCES

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