Critical overview of brand valuation methods*
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1. Introduction

The advent of IFRS (International Financial Reporting Standards) has jostled the practices of businesses, auditors, and financial analysts. Among the many questions raised by the application of these standards, one in particular concerns valuers. It is the posting of the companies "brands" as an intangible fixed asset in the assets side of their consolidated balance sheet. This "assetisation" of brands is still not authorised for brands developed internally (except in a one-off, optional manner during a change in accounting standards) and is becoming mandatory for brands acquired through external growth operations. It is the result of a set of standards that establish the recognition of assets at the "fair value" and force companies to perform annual tests on the value of goodwill and other intangible assets with indefinite lifetimes for potential impairment[1].

Although the principle of valuation of brands at their fair value is clearly presented, the methods for implementing impairment tests are still the subject of debate[2].
Some difficulties relate to issues specific to financial valuation, such as determining an appropriate discount rate incorporating the potential impact of financing. Later we will see that in the context of brand valuation, these issues are even more pressing, because, by nature, brands are intangible assets particularly inflexible to the implementation of the common methods of financial valuation.

The identification of what constitutes a "brand" is in itself a difficulty for the valuer. According to the INPI *(Institut National de la Propriété Industrielle or French National Institute of Industrial Property),* "the brand can take various forms: family name or fanciful name, numbers, letters, design, colour combination; it must be associated with products or services (...)". More broadly, each of the five senses can legitimately lead to the creation of a brand, provided that the brand holder's is able to show proof that this "sign" (smell, feel, sound, taste, etc.) is distinctive and can be represented graphically. The brand therefore does not amount to a name or logo, and the identification of what distinguishes the brand from the company's other assets is a matter far from trivial. In this regard, it can already be seen that the accounting standards board have resolved this issue as part of the IFRS by prescribing criteria that lead to identifying the brand as an asset. In doing so, the accounting standards board assumes the ability to estimate the market value of this asset but unfortunately do not propose a clear methodology for achieving this estimate.

In the minds of consumers, the brand is often associated with a know-how, a market, or even a story allowing the brand to bring an extra feature to the labelled products or services. And it is this feature that creates economic rent, a source of value for the company holding the brand. Although everyone implicitly recognises the existence of such an economic rent,

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[1] In particular, see standards IFRS1 (First-time Adoption of International Financial Reporting Standards), IFRS 3 (business combination), IAS36 (impairment of assets), and IAS 38 (intangible assets).
[2] In this regard, see the difficulties identified in February 2005 by the Academy of Accounting and Finance Sciences and Techniques in its "*Guide pédagogique de lecture de IAS 36*" [Educational guide to reading IAS 36].

nobody claims to hold the method or magic formula to easily determine its amount and the associated financial value.

To appraise brands, there are two approaches – intrinsic and analogical – which, not surprisingly, cover both categories of methods traditionally used in business life to appraise activities or businesses. Along with these two financial approaches, there are also some references that can provide an initial rough estimate. The purpose of this article is to present a critical overview, certainly not exhaustive but comprehensive enough to provide a view on the various available references and methods by analysing the principles and limits of application for each of them.

2. Valuation references

There are two references that provide an almost instantaneous estimate of the value of a brand: (i) the establishment cost reference, (ii) the asset reference.
The interest in these references is twofold: not only are they easy to establish but they provide the valuer with a range of values for each brand.
However, depending on whether the brand is a success or a failure, when one of the two references provides the lower estimate, rather paradoxically the other reference provides the higher estimate, and vice versa.

2.1. Establishment cost reference

Principle
The brand's value is measured by analogy with the sum of the historical costs incurred to create it or by the estimation of costs that would be necessary to recreate an equivalent brand.

Difficulties
By construction, this method is difficult to implement for the oldest brands. In addition, it ignores the brand's changes over time, its changes in positioning, its successes, and its failures, which can sometimes be far off. It ignores the current positioning (absolute and relative) of the brand and its particular features in a specific market context. The method also ignores the difficulties encountered by the brand in establishing itself or continuing to exist[3].

Conclusion
This approach is therefore only relevant for brands very recently created or those that target a limited market. It is also useful as the default option when the information necessary for the implementation of other approaches is unavailable or unreliable (business plans, comparable brands, etc.). By construction, this method, rooted in the past, completely ignores the economic rent (or lack of economic rent) that the brand is expected to generate in the future. If the brand is a success, the cost method presents a low estimate of the brand. Conversely, if it is a failure, and particularly if the launch costs were paid out inappropriately, the method results in a high estimate[4].

2.2. Asset reference

Principle
The asset reference likens the value of the brand to the company's goodwill measured by the difference between the market value of the shareholders' equity and its book value. This goodwill reflects the existence of economic rent, which can be defined as the difference

[3] Thus, telephone directory operators ("118..."), replacing the number "12", have invested heavily in their brand's existence, with no guarantee of success or value for their brand.
[4] This brings to mind the numerous "brands" created at the height of the dot-com bubble.

between the profitability generated by the company and profitability actually demanded by investors (traditionally defined by the cost of capital). The method would therefore allow for a near-instantaneous reading of the brand's theoretical value.

Difficulties
In the case of companies listed on the stock market, this method is probably the easiest to implement, but it attributes all of the value of the goodwill to the brand.
However, the reality is generally different, as the brand's value corresponds at best only to a portion of the goodwill's value. The difficulty then lies in estimating what fraction of the goodwill should be attributed to the brand.

Moreover, the IFRS accounting standards, just like the US standards (US GAAP), require the affected companies to allocate a portion of the acquisition goodwill to the acquired assets and liabilities, whether or not they are included in the assets on the balance sheet of the acquired businesses. More clearly, when one company buys another, and the other company has a brand, the acquiring company must incorporate into its assets the fair value of the target company's brand, even if this brand was not previously recognised on the target's balance sheet. The value reference represented by the difference between equity market value and book value then loses its meaning.

Conclusion
The introduction of IFRS greatly complicates, or even completely destroys, the relevance of this method, since some brands are now included in the assets on the balance sheet of businesses (purchased brands) and others are not (brands created internally).
Moreover, this approach can be implemented only in cases in which the brand is the main source of the company's economic rent. It then involves a broad definition of the brand that includes (or disregards) the value of the know-how, patents, knowledge, organisation, positioning, market share, etc.
In the case of well-established brands, however, this approach makes it possible to perform a consistency check between the goodwill and the implicit value of the brand obtained by other methods. It also provides an idea of the high range of the brand's value. Conversely, when there is no goodwill, or even "badwill" (i.e. negative goodwill), the brand's value can be considered to be zero, as the method consequently provides a low range of the value.

2.3. Conclusion on the references

As part of brand valuation, the use of the two references cited above ultimately seems limited to a few special cases. However, their simplicity still makes them attractive, particularly when establishing classifications or sector comparisons.
The reader will understand that the two cited references are not valuation "methods" as such, but rather valuation "references" that provide market value estimates in specific contexts. For the valuer who implements the various valuation methods that we will describe later, the challenge lies in understanding and explaining the differences between these references and the results from the valuation methods.

3. Analogical approach
In terms of financial valuation, the analogical approach works through comparison based on target prices observed on comparable assets with the appraised asset, whether these assets are listed on a stock exchange or they were recently traded over the counter. Often perceived as easier to use than the intrinsic approach, which we will discuss later, this valuation approach is in fact particularly difficult to implement, as the concept of "comparability" is often subtle, even elusive.

Here we present two brand valuation methods under the analogical approach: (i) the comparisons method is based on the identification of recent transactions involving brands comparable to the one that is appraised, (ii) the relief-from-royalty method requires estimating of the royalty rate that would apply to the brand if it were to be licensed.

3.1. Comparables method

Principle
The brand's value is obtained through comparison with equivalent ("comparable") brands that were the subject of a recent transaction. As with the analogical approaches used to appraise businesses, an implicit multiple is taken away from the transaction price and used to value the brand. For example, brand X, which would generate €5 M in revenue, was sold for €10 M; it was therefore sold for a price equivalent to two times its revenue.

Difficulties
Applied to brand valuation, the analogical approach is overall more difficult to implement in the context of business valuation. In the context of a transaction, which generally pertains to the shares of a company or a portfolio of assets, it is rare to be able to precisely isolate the fraction of the price attributable to the brand. Moreover, assessing the level of comparability between the brands of two companies requires in-depth qualitative, quantitative, and historical marketing analyses. The analogical approach (whether the comparables method or the relief-from-royalty method described below) therefore requires mastery of the brand's marketing and strategic issues.

The comparables method also suffers from the difficulty in obtaining reliable, relevant information about the aggregates used to calculate the multiple: although the revenue is generally available, information about the other aggregates (operating earnings, for example) is most often lacking.

Lastly, the choice of the appropriate valuation multiple refers to the same difficulties as those encountered in the valuation of a company (impact of differences in terms of earnings growth, profitability, etc.). In addition, the revenue or earnings of a company do not depend only on the brand and are tied to many other factors specific to each company, such as special know-how, a manner of organisation, etc. Comparability should therefore be assessed also by taking into account the specific features of the buyer and the seller.

Conclusion
This method is therefore difficult to implement, as the analogies are rarely relevant, and the information is often poor. However, it does provide an order of magnitude based on market data, potentially making it possible to strengthen or consider the estimates obtained by other approaches.

3.2. Relief-from-royalty method

Principle
Under this method, it is considered that since the brand is not being used to produce and sell, the brand holder could simply license it and thus benefit from a flow of royalties. The value of a brand then corresponds to the discounted sum of royalties that the brand would generate after deduction of all expenses necessary to maintain the brand. The flow of royalties is estimated on the basis of the forecast revenue from potential licensees and the royalty rates applied by similar brands on a portfolio of products for which the use of the brand is relevant.

Difficulties
Although obtaining a range of royalty rates poses little difficulty, and as company leaders generally have good knowledge of the rates applied on their markets, determining the appropriate rate for a given brand on the basis of such a range is tricky. It is not uncommon

to encounter royalty rate ranges of around 2% to 4% of revenue. Although the magnitude of the range does not seem abnormal in principle, it nevertheless involves values that can range up to double. In this context, the qualitative analysis of the brand is essential in order to be able to justify the choice of a rate within the range.

Once the rate is known, it is important to estimate the forecast revenue on which the royalties will be based. These estimates once again require a detailed analysis of the brand's various potential markets. This issue is far from trivial, since some brands have a global reach and can (virtually) tackle a wide variety of markets. It is therefore up to the valuer to identify the relevant markets. These include at least the brand's current markets, but probably also some markets on which an expansion of the brand is foreseen in the short or medium term.

Another difficulty is that the brand's value is not fully taken into account through this method. If a company pays a royalty to use a brand over a fixed term, it is considered to have an economic interest in this use! A significant share of the value generated by the brand is certainly accounted for through the royalties paid, but there is a fraction of the value corresponding to the enrichment of this brand by the licensee that will return to its owner at the end of the license agreement.
One final difficulty is that the method requires determining an appropriate discount rate for calculating the present value of the net royalties. This difficulty refers to the more general problem of determining a discount rate as part of financial valuations, particularly in the context of IFRS[5]. This difficulty, which we will address again later, is common to most methods under the intrinsic approach, which is based on the principle of discounted cash flows.

Conclusion
The relief-from-royalty method is often implemented to appraise brands.
However, it is particularly sensitive to the estimates of its three basic parameters: royalty rate, revenue involved, and discount rate.
Moreover, the method undervalues the brand, since it does not take into account the value that the user (the licensee) attributes to the brand.

3.3. Conclusion on the analogical approaches

At first glance, the analogical approach seems particularly relevant, since it reflects, at any given moment, how the market's players (investors, competitors) would appraise the brand from objective market elements (transaction price, royalty rate actually paid, etc.).

However, compared to the standard case of company valuation, the implementation of this approach for brand valuation proves to be even more difficult. This is particularly true for the information to be collected or the concept of comparable brands.
In this context, the qualitative analysis of the brand (and brands considered comparable) is a crucial issue for achieving satisfactory results.

4. Intrinsic approach

The intrinsic approach of valuation considers the appraised asset in isolation. The primary method of this approach is the discounted cash flow (DCF) method, which has become indispensable in business valuation.

[5] For a discussion of this topic in the context of the implementation of IFRS, the reader may consult section 3 of the *Guide pédagogique de lecture de IAS 36 [Guide to reading IAS 36]* published by the *Academy of Accounting and Financial Sciences and Techniques*, as well as B. Husson (2005), « *Évaluation financière : a-t-on encore besoin du WACC ?* », *Les Échos, cahier spécial L'art du management*, 28 February 2005.

According to this method, the value of a business activity is assessed based on cash flows that it is likely to generate in the future. The resulting estimate defines a market value that differs from the book value of the invested capital (sum of capital assets and working capital requirements attributable to the activity) if and only if the expected return on the invested capital exceeds the cost of this capital, i.e. the profitability required by the financial backers (shareholders and creditors) in consideration of the risk incurred. There are other methods under the intrinsic approach (asset method, abbreviated goodwill income, or EVA-MVA method, etc.), which covers special cases of the discounted cash flow method: they are in the same perspective of continuity of operations but use more or less restrictive assumptions on the level or the change in profitability of the invested capital.

As for the valuation of a brand through the intrinsic approach, the same principles apply. Specifically, under the DCF method, the value of a brand is obtained either directly by discounting the additional cash flows generated by the brand or indirectly by the difference between the economic value of the business (i.e. value of the activity excluding financial debt) whose products are marketed under the brand in question and the economic value of a comparable business whose products are sold unbranded. In both cases, the flows are determined explicitly from the business plan.

4.1. Price premium or volume premium method

Principle
The brand's value is measured by the difference between the value of two companies operating in the same environment, one with a brand and the other without. This difference in value results from differences in price or volume (or both parameters at once) observed between the two companies. These differences are the source of a cash flow surplus obtained by the company holding a brand compared to the company without one.

Specifically, this involves calculating the difference in price paid by consumers between products with and without a brand ("price premium"), estimating how this difference will change over time, applying it to the volume of business involved, and lastly, deducting the costs (charges paid out and investments) associated with maintaining the brand. The resulting flow is discounted at an appropriate rate. The same approach applies if the brand generates additional volume ("volume premium") and not a price change or if the brand generates both a difference in price and volume.

A similar approach has been proposed by Aswarth Damodaran, a professor at New York University's Stern School of Business. According to him, the brand's value can be measured by comparing the market values of two companies, one with and one without a brand[6].
The author assumes that, apart from the presence of the brand, the two considered companies differ only in size (measured by revenue). The valuation method then proceeds easily in two steps: (i) calculating the "equity market value/sales" ratio of the two companies, (ii) multiplying the difference between these two ratios by the sales of the company with a brand in order to obtain the brand's value. By construction, Damodaran's approach applies in the special case of listed companies or companies whose market value has been previously determined, which greatly limits its range compared to the approach presented previously[7].
This is undoubtedly why the same author does not reject, far from it, the basic method described above.

[6] Damodaran, Aswarth, (2001), *Investment Valuation*, 2nd Edition, John Wiley and Sons, chapter 20, http://pages.stern.nyu.edu/~adamodar/pdfiles/eqnotes/brand.pdf

[7] The implementation of the approach also has other simplifying assumptions. See P. Fernandez (December 2001), "Valuation of Brands and Intellectual Capital", *research paper*, http://ssrn.com/abstract=270688.

Difficulties
The entire challenge of the method lies in identifying a company without a brand in an environment comparable to the one of the company holding the appraised brand[8]. In addition, the premium (in terms of price and/or volume) that the consumer is willing to pay for a branded product is difficult to estimate. The products differ not only because of the brand but also because of other attributes (after-sales services, distribution network, etc.) whose impact on prices or volumes is difficult to quantify. The sustainability of the premium is also a sensitive topic that must be examined in more depth.

Furthermore, implementation of the method generally relies on simplifying assumptions. Thus, the brand's value is sometimes estimated solely on the basis of an excess flow determined from the price differential between products with and without a brand, regardless of the volume effect. However, the brand has (positive) effects on the prices of products likely to be offered but also, simultaneously, effects (positive or negative) on volumes that can be absorbed by the market.

A final difficulty, similar to the difficulty encountered in the relief-from-royalty method, is that this method requires determining an appropriate discount rate to calculate the present value of surplus flows generated by the brand. Does this rate differ from the rates used to determine the economic value of the two companies? Although it seems legitimate to consider that this rate is different from the one used to appraise a company with no brand, the question arises of whether it must be equivalent to the one used to appraise the company with a brand. This is a matter that is not clearly resolved. Must the brand be considered, as the accounting standards board explicitly states, a full asset, identifiable and separable from other assets (which would justify a rate different from that of the company as a whole) or is it an asset inseparable from other assets of the firm that contributes to the creation of value by the company as a whole, without being able to validly distinguish between what comes from the brand and what comes from other assets (which would justify a single rate applicable to the company as a whole)?

Financial theory unfortunately offers no clear answer to this question.
The traditional approach involves relying on calculation methods identical to those used for business valuation. These are generally based on the CAPM (capital asset pricing model) formula, the use of which requires, in this specific context, the determination of exotic parameters, such as the "brand's beta coefficient", which unfortunately cannot be observed the market (unlike the beta coefficient of shares). The valuer then integrates *ad hoc* parameters specific to the brand into the financial model. Behind its apparent sophistication, the method becomes relatively subjective, since the estimation of certain components of the discount rate, particularly the share of the risk that must be incorporated for the brand, is based solely on qualitative considerations.

However, these qualitative analyses on the brand can update significant situation differences according to the markets or the years in question. Therefore, it is particularly difficult to attribute a single discount rate to a given brand based on its strengths and weaknesses, as they are ultimately only the aggregation of mixed situations. Faced with this difficulty, the calculation of several brand values (one per market) is an unsatisfactory answer, as it further complicates the analysis, and, without reliable data for each identified market, it will fail to give credibility to the results obtained. Thus, rather than wondering about the fraction of risk attributable to the brand, some practitioners propose calculating the discount rate itself from models without any theoretical justification, as they are based solely on a qualitative analysis

[8] For example, can products marketed under supermarket names still be validly considered as having no brand? Probably not if we refer to the name that has become common of private-label products.

of the brand. The empirical validity of these discount rates from completely *ad hoc* models is naturally under debate.

Conclusion
The cases in which this approach can be easily implemented from adequate data seem rare. Consideration can be given to areas of consumer goods (sugar or tires, for example) for which there are actually products with and without a brand. Once again, the existence of specific attributes (e.g. packaging) can justify a price differential, without this attribute being able to be considered inherent or attributable to the brand.

4.2. Excess profit method

Principle
The excess profit method is the direct application of the “abbreviated goodwill income method”, which was commonly used before the advent of the DCF method, particularly among auditors. In this context, the brand’s value corresponds to the current value of the excess profits generated by the brand. For a given year, the excess profit is calculated by deducting from the forecast revenue all operational costs as well as a notional charge representing the profitability expected by the company’s various financial backers, i.e. an amount equal to the cost of capital multiplied by the capital invested without a brand.
It then involves estimating the relevant rate to discount this additional profit generated by the brand. This method is implemented every year, in a simplified version, by the Interbrand consulting firm to identify the world's most valuable brands[9].

Difficulties
The method first poses a number of questions about the measurement of excess profitability: should it be estimated at a given moment on a historical or forecast basis? It seems more appropriate to refer to forward-looking measures, as it then becomes a matter of determining this surplus and understanding whether it should grow over time or otherwise remain stable.

As for the premium method, the difficulty associated with estimating an appropriate discount rate remains intact. Thus, we may again question the relevance of an approach that involves separating the overall economic flow generated by the company into two separate segments, each of which would bear a particular risk.

Such an approach is consistent with the recommendations of some practitioners who believe that the profitability expected by the various financial backers must be specifically detailed for each asset used. As such, one expected profitability level is estimated for intangible assets, another for tangible assets, another for the working capital requirement, etc. The approach therefore involves attributing a certain level of risk to each of the company’s assets. Unable to rely on market rates, this approach runs the risk of arbitrariness, even if it is mathematically possible (albeit tedious) to reconcile the discount rate used to appraise the company overall with the various rates of return used for each asset.

Finally, as with the other methods mentioned above, it is likely that only a portion of the excess profit is attributable to the brand, with the remainder corresponding to the income from goodwill, know-how, or market share. The underlying issue of determining the share attributable to the brand is then identical to what is encountered with the asset reference (see above).

Conclusion
The excess profit method is currently encountering a paradoxical success in the work of brand valuation. This phenomenon is paradoxical because, like in business valuation, the

[9] Interbrand, (August 2004), “The best global Brands”, *Business Week.*

DCF method seems to have permanently replaced the abbreviated goodwill income method because of redundancy; with regard to brand valuation, the excess profit method differs from the premium method only in presentation and in no way in the merits and therefore the results obtained.

In the premium method, the difficulty lies in the identification of excess flows through comparison between companies with and without a brand. In the excess profit method, this difficulty is replaced by the determination of the normal profit through the estimation of the profitability required by the financial backers in the absence of a brand.

Just like the previous methods, the excess profit method is complex to implement, as it requires a long valuation process (definition of the business plan, estimation of the return expected by the financial backers, determination of the excess profit, determination of the appropriate rate) and estimation of many parameters.

4.3. Real options method

Principle
Although the brand creates value because of the additional price and/or volume that it can generate in relation to similar competing unbranded products, it also creates value because of the growth opportunities that it creates: use of new distribution channels, development on new markets, launch of licenses for other products, etc.

The brand's value can therefore be split into two components: the first is the basic value, i.e. the value of the brand as it may be established on the basis of the markets operated today from the intrinsic methods cited above.
The second component involves the opportunities generated by the brand, which can be evaluated as options.

As mentioned above, a brand offers growth opportunities that can be defined, for example, as "the possibility of making investments in the future to embark on a particular market". This definition recalls the traditional definition of a simple financial purchase option: "the possibility, but not the obligation, of buying a financial asset at a specified date in exchange for a price set today in exchange for the payment of a premium". The idea is then to use, by analogy, the financial option valuation models to appraise these particular options that pertain no longer to financial assets but to "real" assets (hence the name "real options")[10].

Difficulties
The real options method applied to valuation of brands faces the same difficulties as those raised by the use of real options for the valuation of companies or projects[11]: estimation of parameters, non-respect of the assumptions required for the implementation of models, etc.

Moreover, the value of these real options depends on uncertainties related to the market and the competition that are difficult (even impossible) to estimate. Thus, holding a brand can certainly open up opportunities for development on new markets, but these opportunities depend on the competitive environment of the company in question and, in particular, similar opportunities available to competing companies. Assessing all of these interrelationships in

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[10] For an introduction to the concept of real option, see M. Amram and N. Kulatilaka (1999), *Real Options – Managing Strategic Investment in an Uncertain World*, Harvard Business School Press, Boston.
[11] For a discussion of the difficulties in implementing real options models, see H. Philippe (2004), *Les options réelles: Modèle financier ou modèle de gestion ?*, doctoral thesis, Université Paris-Dauphine.

the options valuation process is particularly difficult. Therefore, there is great risk of overvaluing the brand, either because the complexity of the uncertainties could not be integrated satisfactorily or because growth opportunities, all told completely virtual, were foreseen.

Conclusion
The real options method is intellectually appealing but extremely difficult to implement for the valuation of companies or projects in general and the valuation of brands in particular.

In this context, and as noted above with regard to the establishment cost reference, the real options approach seems more suited to emerging brands, for which most of the value lies in the growth opportunities. Conversely, in the case of mature brands, it can be considered that growth opportunities have less or even negligible value in relation to the base value.

In any case, the interest in the method lies in generating thinking about the strength and the positioning of the brand, which still makes it possible to refine the estimate of the base value.

5. Why make it simple when it should be complicated?
In business valuation, the simplicity and speed of the market comparisons method (analogical approach) is frequently pitted against the complexity and difficulty of the DCF method (intrinsic approach). The application of a sector multiple (obtained in a few clicks on a financial database) to the result of the entity to be appraised takes a few minutes and at most a few hours, while the careful implementation of the DCF method can require several days or even several weeks. And ultimately, it is not uncommon to observe that the estimate provided by the first method differs from the second method's estimate by only 20% or 30%. Does the desire to avoid an estimation error of this size justify the additional investment?

This question calls for two comments. Firstly, in order to measure the gap between the two methods, do both still need to be implemented; it is therefore only subsequently that the valuer can ultimately ensure that the simplest way in principle is relevant. Then, as we have repeatedly pointed out, the simplicity of the analogical approach is apparent, and a rigorous implementation of the method of stock market comparisons can prove to be particularly tricky.

In terms of brand valuation, the issues related to the selection of methods are very similar: the application of a percentage or a royalty rate to the volume of business generated by the brand (analogical approach) is faster and less demanding than the implementation of the premium method (intrinsic approach). However, since the brand generates an additional flow, the risk of error is necessarily greater; the estimates provided by the two approaches can thus easily show a difference of up to double or even triple. In the accounting context of IFRS addressed in this article, such differences are clearly unacceptable; in other contexts (transfer of a brand, financial communications, measurement of performance, etc.), it is doubtful that we can be content with them. And ultimately, only the sophistication and the iterative approach brought about by structured methods can make it possible to assess the consistency of the estimates obtained using "magic" formulas that are clearly out of step with the current maturity of investors with regard to financial valuation.