



JNAI 2015 : « Oser l'immatériel pour vous développer »

ALLOCUTION

**« SUR L'IMMATÉRIEL : DE L'INVISIBLE AU ' TANGIBLE '.
L'ACTION DU WICI AU NIVEAU INTERNATIONALE »**

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6ème JNAI, Centre Pierre Mendès-France, Paris

16 juin 2015

Towards the Conceptual Company

- Negligible physical assets (low PP&E, inventories)
- Intangibles-intensive: R&D, brands, alliances, human resources, organization capital
- Strong patent/trademark protection
- Extensive outsourcing of manufacturing, distribution and other low-knowledge functions
- Extensive trade in intellectual property (IP): patent sale and licensing, know-how sale
- Flexible business model

SOME PROBLEMATIC MINIMUM COMMON DENOMINATORS

- 1) Fundamental lack of internationally agreed classification, information and metrics vis-à-vis intangibles serving as basis for their (e)valuation
- 2) The volatility of value and uncertainty linked to Intangibles → intangibles-derived risks
- 3) Transversal/horizontal and differentiated nature of intangibles
- 4) Proliferation of initiatives nationally and internationally level which risk creating «an intangible(s) tower of babel»
- 5) Resistance to change and no perception of the socio-economic harm
- 6) In the last decade scarce institutional attention at governmental and - especially - European level



LE WICI ET SON ROLE



W I C I

World Intellectual Capital /Assets Initiative

The World's Business Reporting Network

www.wici-global.com

WICI

World Intellectual Capital/Assets Initiative Network

Global collaborative, non-profit Network,
officially born on 31 March 2008 with the signature of a
Memorandum of Understanding (MoU)
in Washington DC at the American Enterprise Institute (AEI)

World Intellectual Capital Initiative (WICI)

1st Informal Meeting – 1st October 2007 – OECD, Paris
Monaco Annex, 2, rue du Conseiller Collignon



Participants (from left to right): Prof. Yasuhito HANADO, Waseda University (Tokyo/Japan), Desirée VAN WELSUM, OECD (Paris/France), Douglas LIPPOLDT, OECD (Paris/ France), Alexander WELZL, European Federation of Financial Analysts Societies EFFAS (Frankfurt a. M./Germany), Yoshiko SHIBASAKA, KPMG (Tokyo/Japan), Bob LAUX Microsoft Corporation (Redmond/USA), Amy PAWLICKI, American Institute of Certified Public Accountants AICPA (New York/USA), Gert-Jan KOOPMAN European Commission (Bruxelles/Belgium), Annabel BISMUTH, OECD (Paris/France), Prof. Stefano ZAMBON, University of Ferrara (Ferrara/Italy), Grant KIRKPATRICK, OECD (Paris/France), Michael KRZUS, Grant Thornton (Chicago/USA), Christina BOEDKER, Society for Knowledge Economics (Crows Nest/Australia); Participants not on the picture: Rainer GEIGER, OECD (Paris/France), Jean-Philippe DESMARTIN, ODDO Securities (Paris/France), Yoshiaki TOJO, OECD (Paris/France)

Who We Are (www.wici-global.com)



The Promoting Parties of WICI are:

Enhanced Business Reporting Consortium (USA)

(American Institute of Certified Public Accountants (AICPA), Microsoft Corporation, PricewaterhouseCoopers and Grant Thornton)

European Federation of Financial Analysts Societies (EFFAS)

Japanese Ministry of Economy, Trade and Industry (METI)

Society for Knowledge Economics of Australia

University of Ferrara

Waseda University

The European Commission, the OECD, and the Brazilian Development Bank (BNDES) participate in WICI as Observers.

Our Vision and Goals

Our Vision

WICI, the world's business reporting network, is a private/public sector collaboration aimed at improving company reporting for representing value creation and, hence, capital allocation through better corporate reporting information

Our Goals

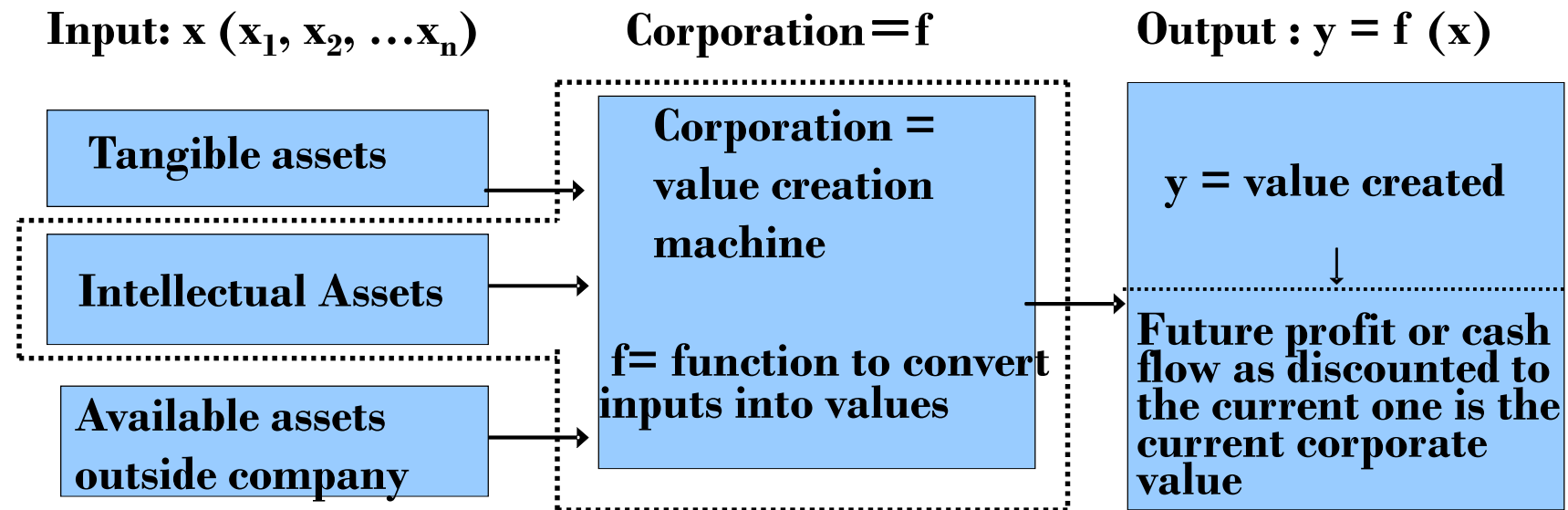
- **The first is to contribute to develop a new global framework for measuring and reporting corporate performance to shareholders and other stakeholders**
- **The second is to develop guidelines for measuring and reporting on industry-specific key performance indicators (KPIs).**
- **The third is to facilitate the development of XBRL taxonomies for this content.**



**We believe that such better information will improve capital allocation decisions both within companies and between investors and companies.
The result will be more value creation for a better world economy.**

Focus on Value Creation

Company is a value creation mechanism, which can be expressed in a metaphor of the mathematical function. The part surrounded by dotted line is usually invisible.



Both IAs(x) and conversion mechanism or business model (f) are substantial.

Main categories of IAs

Human assets (including their knowledge or technique, leadership...)

Organisational assets (including teamwork, loyalty, accumulation of technology)

Relational assets (including reputation, network with business partners...)

Our Proposition to Reform Today's Business Reporting

7 Points for the Future Business Reporting

1. Identifying sources of differentiation of a company from others
2. Making it clear the value creation mechanism unique to the company which can last longer
3. Presenting an integrated picture of the company's activities, including financial data, financial performance and non-financial elements
4. Providing clues to stakeholders to predict future performance of the company
5. Allowing companies to freely choose the substance without requiring 'tick the box' type of disclosure
6. Explaining material issues for the company with a certain reliability and comparability of the disclosed information for users
7. Reducing the total cost of reporting for companies

WICI Framework version 1.0

(already tagged in XBRL - www.wici-global.com)

0 Corporate profile and business attributes
 0-1 Industry overview
 0-2 Duration and results per business unit
 0-3 Business cycle per business unit
 0-4 Competitive analysis

Past

Current

Future

a. Business landscape

A-1 Business landscape

b. Strategy

b-1 Corporate strategy summary

b-2 Vision and mission

b-3 Strengths

b-4 Weaknesses

b-7 Goals and objectives

b-8 Corporate strategy

b-9 Business unit strategies

b-10 Business portfolio

c. Resources & processes

c-1 Resources and processes summary

c-2 Resource forms

c-3 Key processes

c-4 Value drivers

d. Performance

d-1 Performance summary

d-2 GAAP-based

d-3 GAAP-derived

d-4 Industry-based (KPIs/Intangibles)

d-5 Company-specific

d-6 Capital market-based

A. Business landscape

A-1 Business landscape summary

A-2 Economic

A-3 Industry analysis

A-4 Technological trends

A-5 Political

A-6 Legal

A-7 Environmental

A-8 Social

C. Resources & processes

C-1 Resources and processes summary

B. Strategy

B-1 Corporate strategy summary

B-2 Vision & mission

B-5 Opportunities

B-6 Threats

B-7 Goals and objectives

B-8 Corporate strategy

B-9 Business unit strategies

B-10 Business portfolio

D. Performance

D-1 Financial prospects summary

WICI and IIRC Formalize Agreement (MoU) to Work toward <IR>, Milan, 11 June 2013 – Extended to November 2016



“The essence of a business is to **create value** over the long, as well as the short and medium term, by utilizing its strengths supported by the range of capitals available to it. Therefore, the most important part of corporate reporting is for a business to tell **its individual value creation story**, providing evidence of how the organization **has created value in the past** and **its plans for creating value in the future.**”

“The collaboration between WICI and IIRC will help further the evolution of corporate reporting. Creating a **new corporate reporting language** will enable organizations to communicate their **own value creation story** more effectively with investors which will facilitate better decision making and, in turn, contribute to a more sustainable global economy.”

WICI has the right to a seat in the Council of the IIRC (International Integrated Reporting Council)



WICI took on the editorship of IIRC Background Paper for <IR> “CONNECTIVITY”

WICI Connectivity Project for <IR>

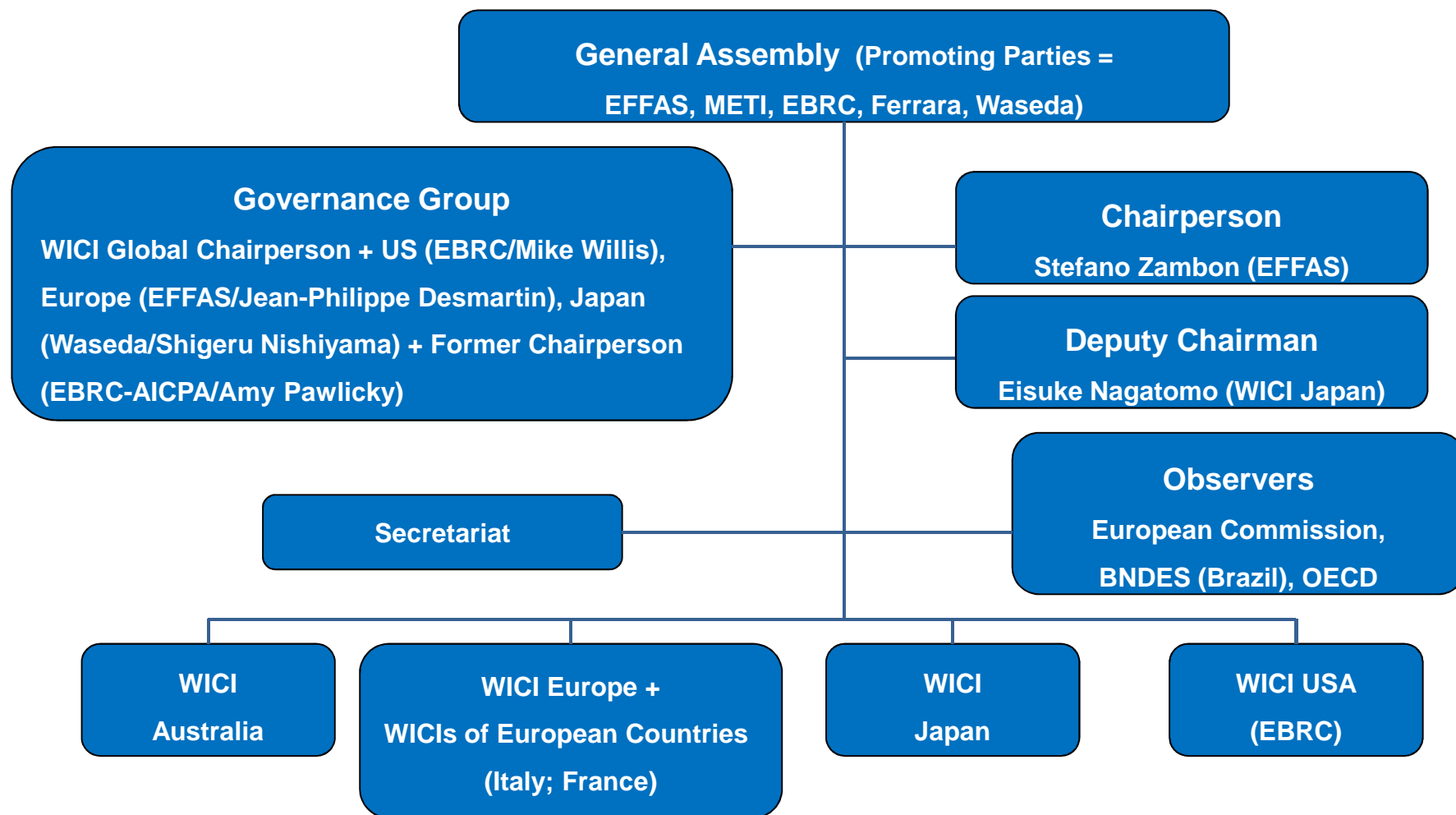


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1	Executive summary
2	1. Introduction
3	A About this paper
4	B Defining connectivity
5	2. Integrated Reporting
5	A Governing body and management considerations
5	Establishing the big picture
7	Connecting time horizons
8	Developing a consistent message
9	B Other functional departments' considerations
9	Internal communications
10	Connecting material matters
11	Information technology
12	Internal audit
12	3. Integrated report
13	A Report content
13	Communicating the big picture
17	Connecting time horizons
19	B Report approach
19	Applying communication techniques
21	Leveraging technology

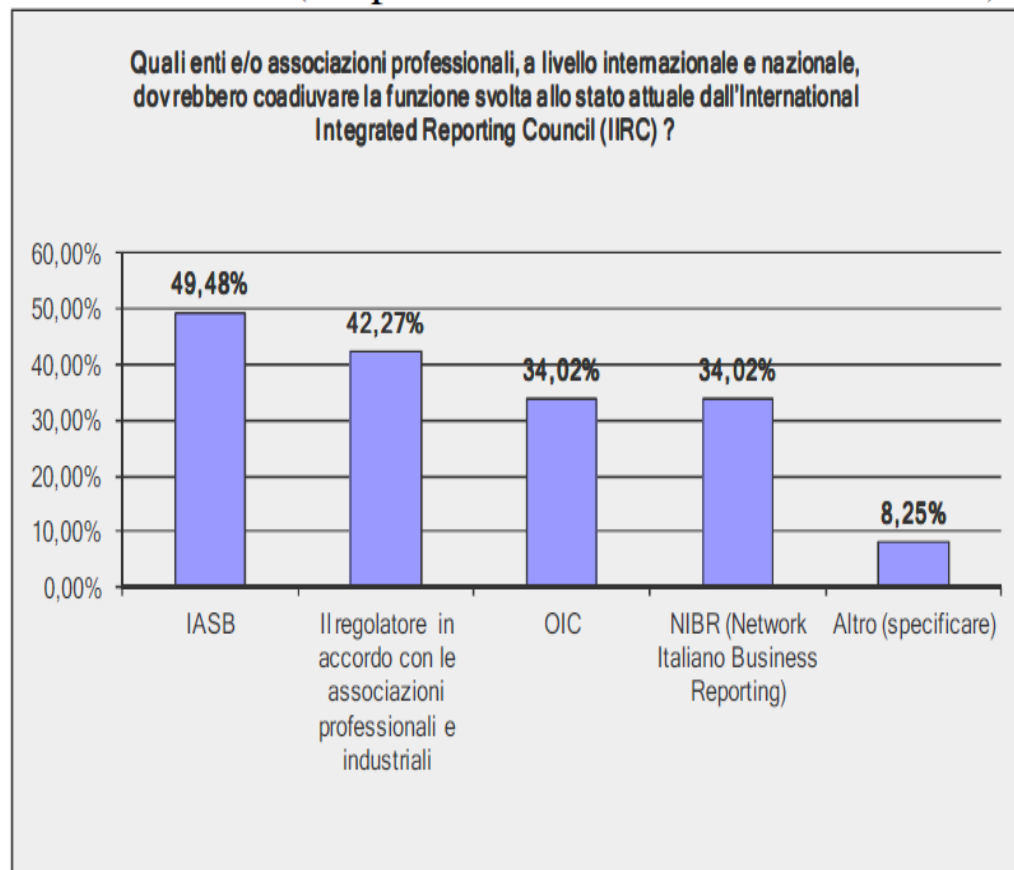
The Structure of WICI

(from 1st July 2015)



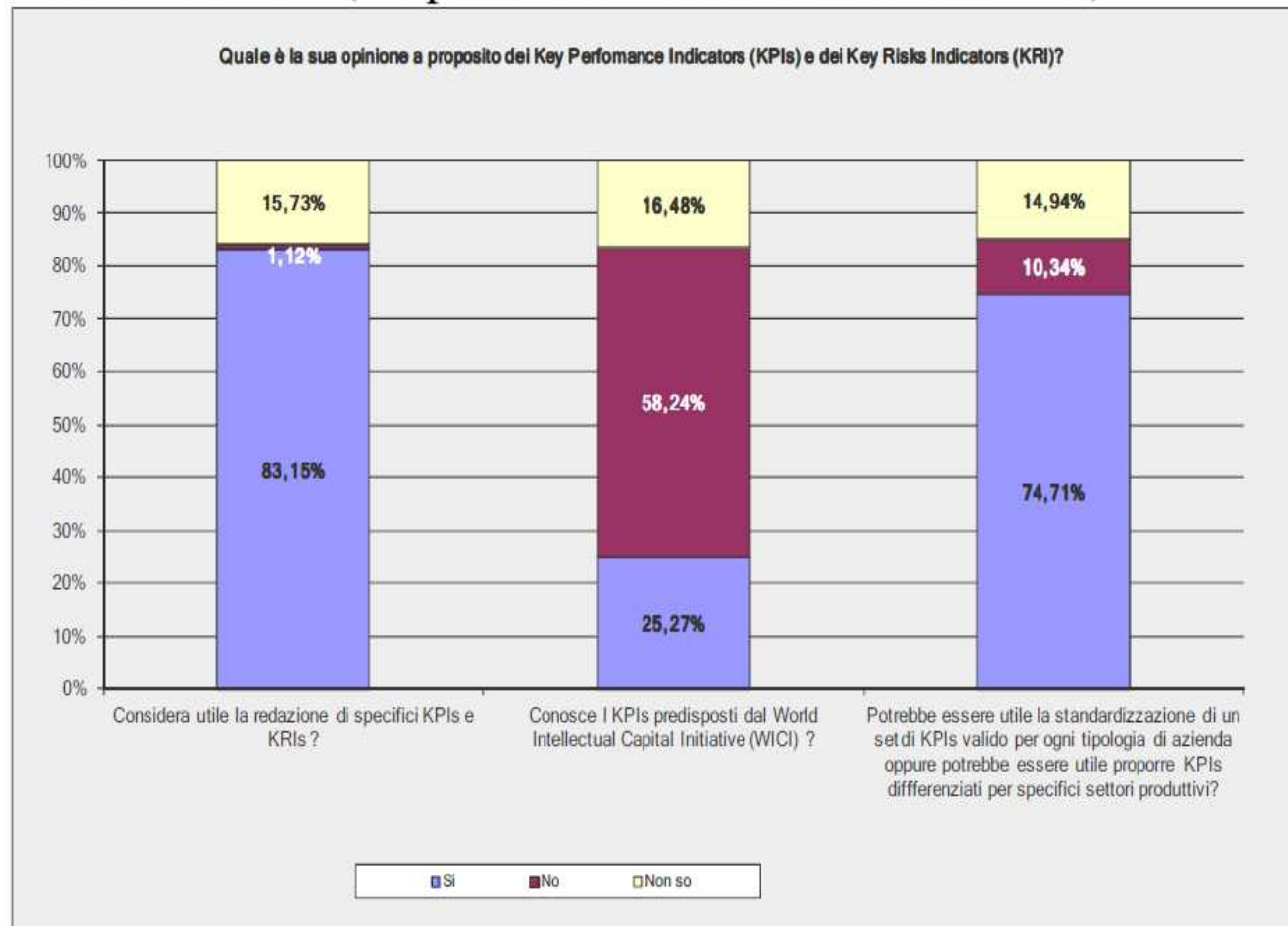
Quali enti e/o associazioni professionali, a livello internazionale e nazionale, dovrebbero coadiuvare la funzione svolta allo stato attuale dall'International Integrated Reporting Council (IIRC)?

Domanda 9 – (Rispondenti totali alla domanda: 97)



Quale è la sua opinione a proposito dei Key Performance Indicators (KPIs) e dei Key Risks Indicators (KRI)?

Domanda 20 – (Rispondenti totali alla domanda: 91)



LES WICI KPIs



WICI

Global WICI Network
the world's business reporting network

www.wici-global.com

Reporting of Intangibles: The “Inverted Pyramid” approach

- Indicators should be articulated in three levels: General, Industry, Company Specific → the “inverted pyramid concept”

The first two levels are to be determined through international consensus by WICI

**Enterprise
level**

**Company-Specific
Intangibles
Indicators
(no limit)**

**Sector
level**

**Industry-Specific
Intangibles
Indicators
(20-40 max.)**

**General
level**

**Basic Intangibles
Indicators
(3-5 max.)**

Reporting on Intangibles: combining comparability & specificity

Our Concept of KPIs

It is important to provide KPIs as factors which impact the corporate value creation and integrate them into business reporting to make the data and information more accessible, comparable and credible. “Concept Paper on WICI KPI in Business Reporting ver. 1.0” (July 2010) introduces features of WICI KPIs and we will develop them based on this concept.

Electronic components (*WICI Japan*)

Pharmaceutical (*WICI Japan*)

Automotive/automobile (*WICI Japan*)

Telecommunications (*Joint WICI Europe + EFFAS*)

High Technology (*in XBRL*) (*WICI USA*)

Mining (*in XBRL*) (*WICI USA + WICI Australia*)

Fashion & Luxury (*Joint WICI Europe + EFFAS*)

Electricity (*WICI Europe + WICI Italy*)

Oil & Gas (*WICI Europe*) (*forthcoming*)



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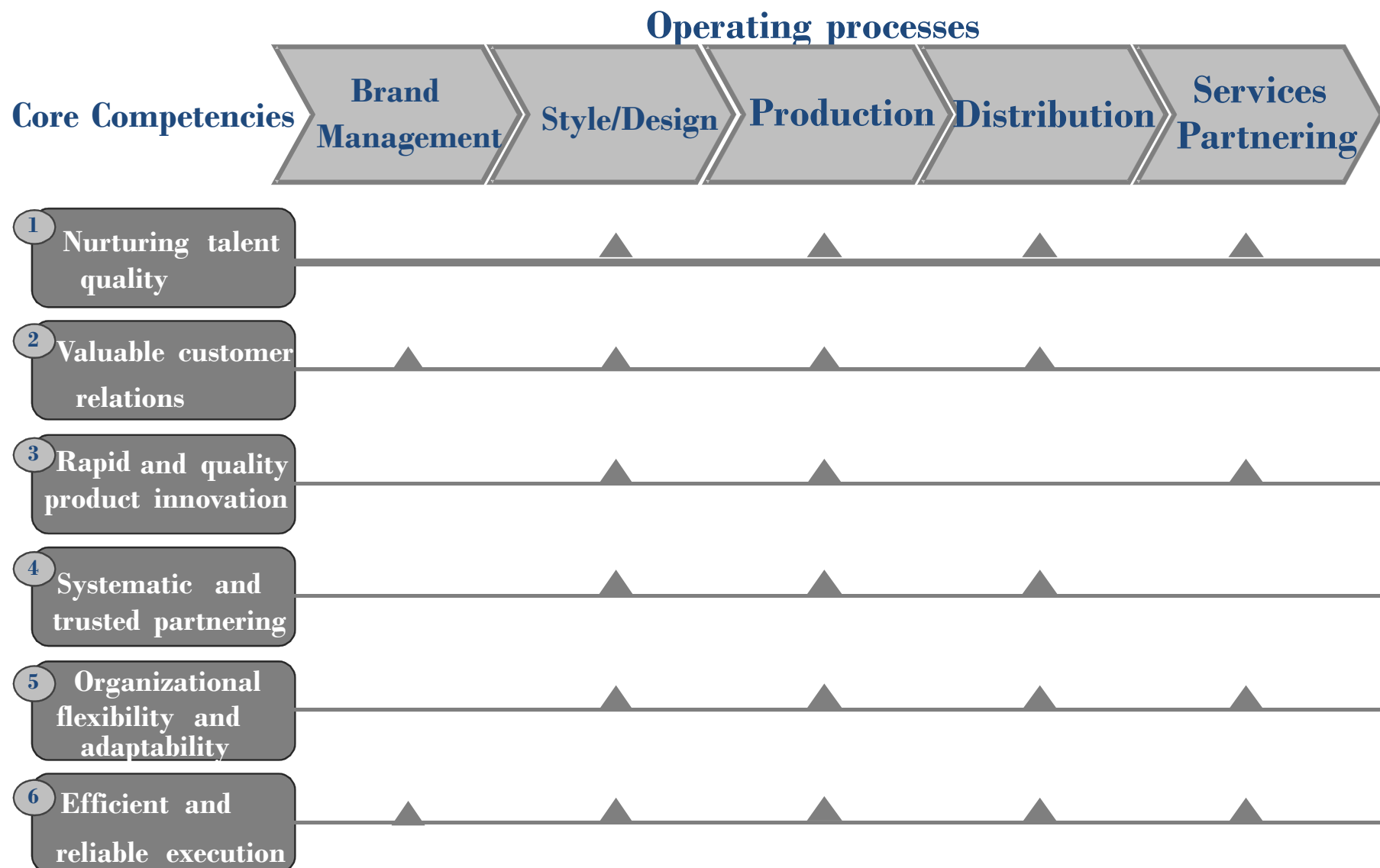
www.wici-global.com

THE KPIs PROJECT on FASHION & LUXURY

by the

**Joint WICI Europe-EFFAS CIC KPI Task Force-
NIBR/WICI ITALY**

Fashion industry core competences & value chain



Fashion's KPIs per core competences

1

Nurturing of talent quality

- Average employee's age and seniority
- Staff turnover
- Training hours
- HR education
- Job rotation
- MBO
- Boutique sales staff training experience
- Employee commitment index
- High quality recruitment
- Management/Employee share of ownership
- Annual career review rate
- Share of women in upper/top mgmt.
- Share of employees in talent programs
- Training costs (also per employee)
- Access rate to training
- Financial KPI forecast hit rate by management
- Position in students' annual employer ranking survey
- Formal mentorship
- No. of CVs received
- Proportion of staff covered by collective bargaining agreements
- Executive compensation on total revenues/net income
- Share of executive positions filled internally

4

Systematic and trusted partnering

- Suppliers by main raw material
- Suppliers turnover rate
- Dependence rate from key suppliers
- Raw materials purchase cost
- Raw materials purchase cost by main raw material
- Average distance from key suppliers
- Shipment times
- Outside contractors' number and saturation level
- External product development
- Number of exclusive suppliers vs. total suppliers
- Number of second-tier suppliers that have become first-tier
- Weight of licensing

2

Valuable customer relationship

- Brand value
- Number of brands
- Loyalty of clients to a specific brand
- Customer satisfaction index
- Brand awareness
- Brand preference
- Reputation index/External image
- Internet community
- Customer list
- Behavior of customers on the list in relation to loyalty activities
- Elasticity of demand
- Customer loyalty rate
- Exhibition participation ratio
- Items being bought by customers on the list
- Longevity of customers on the list
- Top of the line
- Avg. breadth of information available on customers
- Advertising costs
- % of total income generated from brand

5

Organizational flexibility and adaptability

- Share of employees familiar with strategy
- Average expenditure per capita
- Employee Satisfaction Index
- Child Labour

3

Rapid and quality product innovation

- Number of meetings between purchasers and suppliers
- No. of new patents registered during the year
- No. of new products developed
- Local production rate
- Internal communication
- Competitors
- Portion outsourced on total sales

6

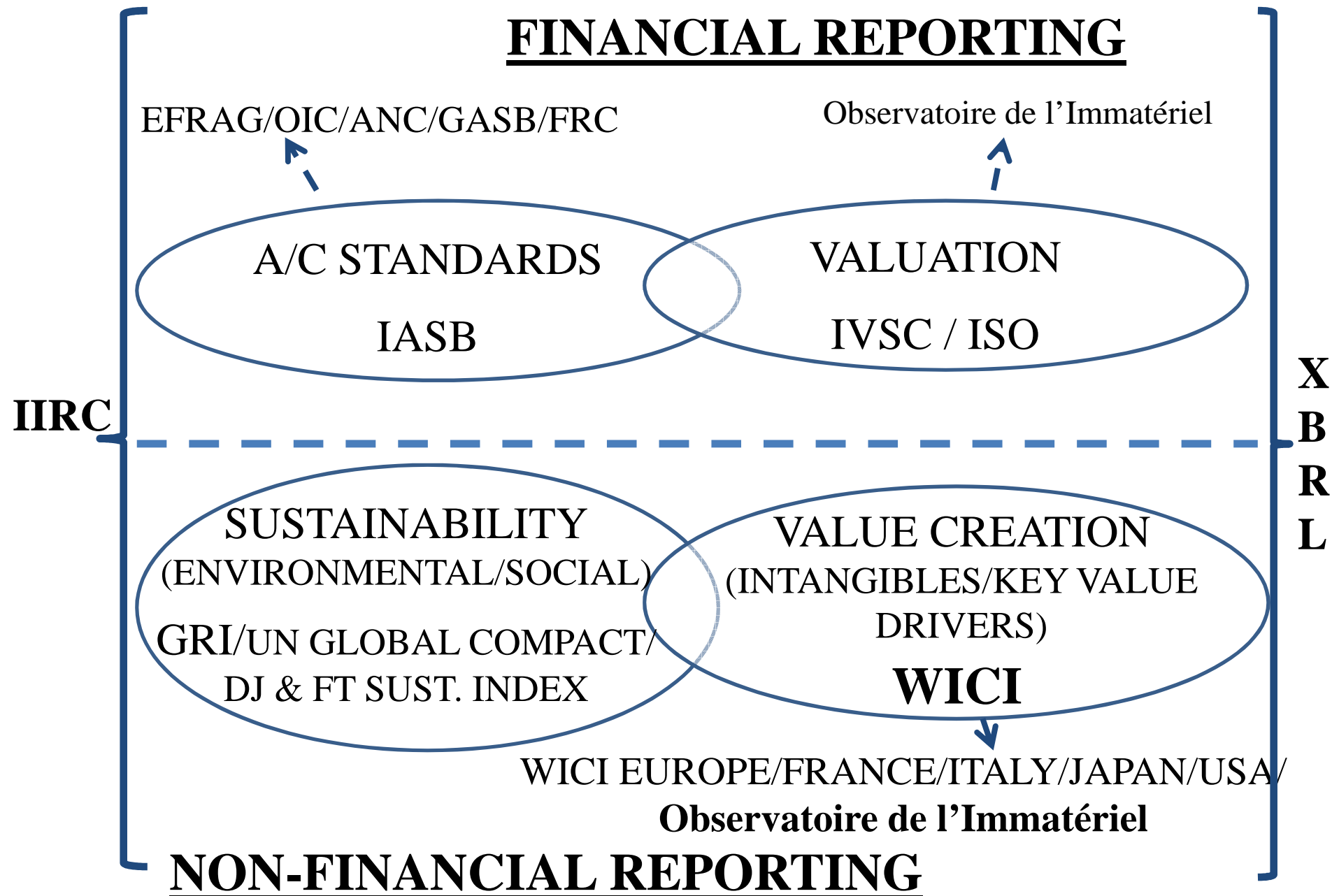
Efficient and reliable execution

- Sales by geographic area, main products, lines, brands, distribution channels
 - Gross margin by geographic area, main products, brands, distribution channels
 - Market share by geographic area
 - Average number of sales people per 100 sq meters of shop
 - Sale volume per square meter
 - Franchisee average sale
 - Outlets sales per square metre
 - DOS sales per square meter
 - Headcount
 - Headcount by contract's type
 - HR absenteeism
 - Headcount by Department
 - Number of staff in boutique
 - Revenue of sales to customers on the list
 - Number of franchisee
 - Break-even point of franchisees
 - Maintenance costs for franchisees
 - Number of outlets
 - DOS number of wholesale stores
 - Maintenance costs and break-even point for DOS (direct operation stores)
 - Products selected that were out of stock
 - Delivery's delay
 - Delivery costs that were too high
 - Problems with connection to website
 - No confirmation or status report given
- (To be continued)

List of KPIs for the Fashion and Luxury sector

Nr	Focus	Process	IC area	KPI	KPI Formula	KPI's features	Suggested relevance
1	Nurturing of talent quality	All processes	Human Capital	Average employee' s age	Ratio of the sum of employee's age and the total number of employees.	age and trend	Nice to Have
2	Nurturing of talent quality	All processes	Human Capital	Average employee's seniority	Ratio of the sum of employee' seniority and the total number of employees.	time and trend	Must Have
3	Nurturing of talent quality	All processes	Human Capital	Staff turnover	Number of people who left the company during the year on the total workforce at the beginning of the year (in all company and specifically in the Design Office and development Office.	percentage and trend	Must Have
4	Nurturing of talent quality	All processes	Human Capital	Training hours	Amount of training hours on the number of employees (total and for HQ employees and sales people).	percentage and trend	Nice to Have
5	Nurturing of talent quality	All processes	Human Capital	HR education	Percentage of employees by the education's degree.	percentage and trend	Nice to Have
6	Nurturing of talent quality	All processes	Human Capital	Job rotation	Percentage of employees who changed their task in the last year on the total number of employees.	percentage and trend	Nice to Have
7	Nurturing of talent quality	All processes	Human Capital	MBO	Percentage of bonuses on the successful objectives achieved by the employees.	percentage and trend	Must Have
8	Nurturing of talent quality	Distribution process	Human Capital	Boutique sales staff training experience	Sum of the training hours.	time and trend	Must Have
9	Nurturing of talent quality	Services Partnering	Human Capital	Employee commitment index	It is scored from an annual Employee Survey which provides a reliable measure of employees' commitment to their work and the company.	score and trend	Must Have
10	Nurturing of talent quality	Services Partnering	Human Capital	High quality recruitment (e.g., recruitment from the 5 best business schools and/or the 5 best technical schools)	Percentage of high quality recruitment on total recruitment.	percentage and trend	Must Have
11	Nurturing of talent quality	Services Partnering	Human Capital	Management/Employee share of ownership	Percentage of stocks of company owned by employees/management.	percentage and trend	Nice to Have
12	Nurturing of talent quality	Services Partnering	Human Capital	Annual career review rate	Number of career advancement cases on total employees.	percentage and trend	Nice to Have
13	Nurturing of talent quality	Services Partnering	Human Capital	Share of women in upper/top mgmt (to attract female talents)	Number of women on the total upper/top managers.	percentage and trend	Must Have
14	Nurturing of talent quality	Services Partnering	Human Capital	Share of employees in talent programs	Number of employees in talent program on the total employees.	percentage and trend	Must Have

INTERNATIONAL OVERVIEW of REPORTING SCENE



Le future du WICI dans le cadre internationale

1. Contribuer à l'élaboration d'un cadre conceptuel (framework) unitaire et de générale acceptation pour le reporting de l'immatériel, basé sur les expériences nationales plus significatives (japonaise, danoise, allemande, française)
2. Continuer l'identification des KPIs sectoriels
3. Sensibiliser les différents parties prenantes et les autorités publiques
4. Construire dans une démarche proactive un chemin de collaboration, de convergence et d'intérêt commun avec les organisations nationales qui ont une vision similaire de l'immatériel, le même esprit



W I C I Europe
Regional Jurisdiction of the
Global WICI Network
the world's business reporting network

In collaboration with



Under the High Patronage of the



Ministère de l'Économie, de l'Industrie et du Numérique, French Government

INTERNATIONAL POLICY CONFERENCE

**INTANGIBLES:
THE EUROPEAN STATE OF THE ART**

at ODDO Securities, Boulevard de la Madeleine, 12, 75009, Paris

6 May 2015, 10.00-16.45

[www.oddo.fr/nos-metiers/oddo-securities/Intangibles-\(May-2015\).aspx](http://www.oddo.fr/nos-metiers/oddo-securities/Intangibles-(May-2015).aspx)

A College of Experts has been created within the Collective Action, in charge of reviewing and validating deliverables



**Stefano Zambon,
University of Ferrara
President**



**Danielle
Bourlange, APIE**



**Hervé Baculard,
Kea & Partners**



**Véronique Barry,
DGE**



**Jo-Michel Dahan,
DGE**



**Alan Fustec,
Goodwill Management Parrainer la croissance**



Denis Jacquet,



**Albert Ollivier,
Capintech**

**« Collège des Experts de l'Immatériel »
Direction Générale des Entreprises
Ministère français de l'Economie, de l'Industrie et du Numérique**

MERCI !

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