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**practical strategic thinking and action
newsletter issue #86**

ben bernanke talks intangibles

Last month we attended The Conference Board's two-day [program](#) on Job Growth and Intangibles: New Building Blocks for Jobs and Economic Growth: Intangible Assets as Sources of Increased Productivity and Enterprise Value.

The conference had two themes: policy (the government people) and strategy (the business people).

Fed Chief Ben Bernanke gave the opening address, speaking about intangibles, innovation and job growth. Bernanke did not bang his shoe on the podium or make any hand

VIDEO: FEDERAL RESERVE CHAIRMAN BEN BERNANKE

May 16, 2011: Keynote Address at the 'New Building Blocks for Jobs and Economic Growth' Conference



gestures

while speaking about this, probably to avoid sending signals to the intangible stock market about his intentions.

He did use the phrase "intangible capital" four times in its proper

context, and overall gave a forward looking presentation. You can read [highlights](#) of the speech here.

Many attendees were interviewed during the rest of the conference with the one-to two-minutes posted on YouTube. Here's [my interview](#).

People attended from all over the world, which is appropriate because Europe and Asia are far ahead of the US in recognizing the value of intangible capital. The Brazilian development bank even has an intangible component in its credit ratings for long-term borrowers. Again, though, the divide was between the

government/academic community who want measures for investment and results on research and development and innovation and how to correlate this with job growth and economic growth.

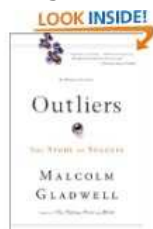
Those of us involved in business recognize the value of government investment and academic research over the years and the job growth that has resulted. (Think of the innovation out of the Defense Department and MIT alone.) But we are more interested in how this applies to individual companies.

In various forums, we were able to point out that the balance sheet is basically worthless in trying to understand a service company, knowledge-based company or technology company. You must understand your own firm's intangible capital to 1) manage it better to increase value and 2) tell the company's story better to borrow funds, attract investors or get the right price from an acquirer.

Many people at the conference started to understand how investing in and measuring intangible capital can make a difference in individual companies, just as we business-types got some insight about the approaches by the policy types.

reading list - Outliers by Malcolm Gladwell

Outliers, by Malcolm Gladwell (author of Tipping Point and Blink) was published in 2008 but is relevant for the way Gladwell looks at data to understand cause and effect better. Some great stories about the change in the success of some



law firms beginning in the 1970's when the white shoe firms referred away hostile takeover business to "lesser firms" because it wasn't tasteful, then could never catch up; why hockey players born from January to March have a better chance of succeeding in their sport; why the Beatles were so good (the 10,000 hour rule) and why kids from families with involved parents have a better chance to succeed (although in our family we have a thing against helicopter parents...) Quick read and I recommend it. Thanks to Brian Slater at Peoples United Bank for this one.

If you'd like to recommend a book for review, please let me know.

announcements

The Exit Planning Exchange continues to grow. Three events in different chapters on June 15 (and I'll be

attending two of them.)

Wednesday, June 15 at Babson College, Wellesley, MA



XPX-Boston will hold a breakfast meeting on June 15 entitled, "[On the Right Track: How Your Communications Efforts Can Either Make a](#)

[Break a Sale](#)". Julia Tanen and Eileen Newman of KCSA Strategic Communications will explain how advisors can help clients to develop well thought out plans that allow both sides of the transaction to successfully manage stakeholders through the changes while retaining the full value of the company being sold.

Wednesday, June 15, Hartford Club, Hartford, CT



XPX-Connecticut will hold a breakfast meeting on June 15 entitled, "[Common Pitfalls Encountered in the](#)

[Due Diligence Process](#)". Common pitfalls that lead to failed mergers and acquisitions often times are initiated from legal, accounting or other M&A matters. Moderator Steven Norris of Wells Fargo Private Bank and panelists David Bowman of Wells Fargo Private Bank, Scott Trenholm of CCR LLP and John Lawrence of Shipman & Goodwin LLP will explore common pitfalls buyers and sellers encounter on their road to completing an M&A transaction.

XPX - DC Metro - June 15 evening event at Snyder Cohn, CPA, N. Bethesda, MD

- XPX friend Mario Ricciardelli will speak on "From dorm room to public company buyout: Lessons learned along the way to a successful exit". Mario will enlighten the audience with his first-hand experiences around building his successful



business, his ownership transfer through a sale, and the role of advisors throughout. He will also speak about the owners

whose companies he acquired for the UK company that acquired his own firm six years ago. This is the [inaugural event](#) for the Washington D.C. Metro chapter of XPX!

about trek consulting

Trek works with privately-held businesses to develop and execute action plans for growth, frequently by identifying, assessing and improving the intangible capital in a firm. Trek also works with the owners to prepare for their successful exit by coordinating the resources necessary to increase and preserve the firm's value, creating the succession plan and assembling the right transaction team,

financing and post-transaction plan. Trek Consulting is one of the founding partners of the Exit Planning Exchange ([XPX](#)). Trek's principals co-authored [Intangible Capital: Putting Knowledge to Work for the 21st Century Organization](#).

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at www.trekconsulting.com or call us at 781.729.1008.



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Trek Consulting | 400 Trade Center, Suite 5900 | Woburn | MA | 01801