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## practical strategic thinking and action newsletter issue #89

### google, motorola, and why accounting needs fixing

Recently, Google announced it intended to acquire Motorola Mobility Holdings Inc. for \$12.5 billion. The logic of the [acquisition](#) has been widely discussed as giving Google access to intellectual property (IP), made up principally of patents and pending patent applications around mobile technology.

We are always happy to see any broad discussion of intangible capital and IP is one of the most visible forms of IC.

But there is another aspect of the story. Right now, Motorola's patents are hidden value. There is no mention in the company's financials of the value of the



patents nor the cost to develop them. But when Google acquires Motorola, Google will end up capitalizing the same patents for the billions of dollars it paid for them in acquisition.

Reuters had a great [article](#) explaining why this disparity in accounting creates problems for analysts, investors and managers.

These intangibles don't just appear out of thin air. They are built through steady, often significant investment. In our book, [Intangible Capital](#), we advocate starting with a separate report on the total annual investment in intangibles (i-capex). It's past time to increase the transparency of this investment and the significant assets it builds.

## announcements

### Tuesday, September 13, Greenwich, CT

(rescheduled) XPX-Connecticut will hold an [outdoor evening networking event](#) on the Withers Bergman dock on Greenwich Harbor.



The evening will include public speaking coach Debbie Fay who debunks the myths and illuminates the realities of what makes confident compelling change-making presenters and presentations.

### Thursday, September 15, Bethesda, MD

XPX-DC Metro will have a [discussion with two serial entrepreneurs](#) who discuss their experience starting, buying and selling companies.



With the benefit of hindsight, they'll answer questions about what they did right and wrong when planning for their exits and selling their companies, and what they will be doing differently in the future with their current companies.

### Tuesday, September 20, Pyramid Club,

Philadelphia XPX - Philadelphia will hold a [breakfast event](#) entitled, "Interview the Seller" featuring



a conversation between the seller who successfully sold his business and his investment banker.

### Thursday, September 27, at Babson College in

Wellesley, MA XPX Boston will host an [Owners' Academy](#) event. Carl Famiglietti of the CPA firm MFA - Moody,



Famiglietti & Andronico will facilitate the succession stories of brothers Bill and Phil Noonan of Contravisory Investment Management who bought the business from their father and Fred Alper, former owner of Morris Alper, Inc. a food brokerage company. Fred bought his business from his father and then sold it years later to management.

## 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](http://www.trekconsulting.com) or call us at 781.729.1008.



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