



# A Maturity Institute Course: Total Stakeholder Value (TSV), Responsible Investing & Measuring Impact using OMINDEX

This is an intensive, 3-day, tutor-led, skills development programme. It is specifically aimed at investment professionals and financial analysts and is delivered at an MBA-equivalent level. It provides the complete package to begin the professional journey towards reaching the OMINDEX Analyst standard, assured by the Maturity Institute:

**Theory:** Organisational Maturity & Total Stakeholder Value

**Method:** OMINDEX - Organisational health diagnostic measurement and rating to 'medical' standards for investment purposes

**Practice:** Completion of your own Organisational Maturity Ratings (OMRs) analysis and equity analysis and corporate engagement

## Introduction

by Lucy Dunnett, Investment Advisor

"We are seeing increasing interest in new models for measuring companies. To date, when we try to predict the performance of a company, we mostly use past accounting data to work out things like price to book, earnings per share, return on equity, price to earnings, dividend yield etc. We mix organizational objectives, new criteria for success and evidence of social legitimacy.

Of course, we also look at a number of other factors, including the competitive landscape and market trends, such as the effects of new technologies or the potential of increasing regulation. But it still proves very difficult to predict performance.

On the flip side, many of us are worried about the environment - pollution, climate change etc. The effects that a company can have on society and the environment, if they go un-checked, and are left to focus only on making the highest possible return for their shareholders, is evident.

"Impact measurement" is becoming a more widely used term. There are now many companies all over the world trying to create the most effective impact measurement framework. But nobody has worked out how to connect impact measurement to long term financial performance.

Many investment managers are concerned that if they start presenting impact measurement data, it may conflict with financial performance. For example, a tobacco company will find it harder to make money for their shareholders as the world turns against tobacco or it finds itself picking up the costs of long-term care for those suffering its effects. In short, what sort of capitalist system do we need for a sustainable future?

### So analysts have a dilemma

Should we do the right thing, by presenting impact measurement data to both companies and investors? At least this would allow and enable employees and consumers to make more conscious decisions. But it might also risk angering or alienating some of our clients; even

possibly losing them. Or should we continue to keep the impact measurement data separate from financial performance: thereby encouraging corporates to behave in the same way and investors to invest "un-ethically" while perpetuating the problem? Perhaps the only way forward is to rethink the problem and the solution?

### Or do we?

The Maturity Institute is the first company I have come across that has managed to show a correlation between impact measurement and long-term financial performance. They believe that, when we choose to invest and buy shares in a company, we need to think, not just about the shareholder value the company will create for ourselves, but the *Total Stakeholder Value* (TSV) the company will create for everyone e.g. the employees, the customers, the supply chains, the local community, AND the shareholders. TSV also factors in sustainability. The best scoring companies are predicted to outperform in financial, human, and environmental terms and their evidence is growing to underpin this premise."

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This course is run under the auspices of the Maturity Institute (MI); the professional accreditation body for organizational maturity analysis and management. It is constructed around MI's core text - 'The Mature Corporation - A Model of Responsible Capitalism' and the work of MI in practice across corporate, investment, and regulatory environments. Teaching will involve 3x 1-day classroom sessions and will produce the best results from additional, focused, self-directed learning. As a professional institute MI has been testing its hypothesis by carrying research and further developing and refining its measurement framework for over 10 years. We ask 32 carefully designed questions (the OM30), which produces an initial rating (an OMR) on a 'AAA' scale called OMINDEX. This has shown that where companies focus more on Total Stakeholder Value they perform better over the long term by becoming more innovative, learning faster and attracting a growing number of socially conscious and value creating workers, suppliers, and consumers. The questions are designed to measure what are generally referred to as the 'intangibles' and 'non-financial' data. The initial OMR can usually be completed by a trained OMINDEX Analyst in a few hours. More detailed and in-depth analyses can then follow, depending on experience, with reports produced accordingly. Because the OMR is numerical (each question is weighted and scored to produce an overall percentage) financial analysts can easily work with meaningful, insightful data to produce in-depth reports and illustrative charts. This course provides participants with:

1. An over-arching purpose and definition of value for analysing corporate leadership and management capability
2. A whole system management (WSM) approach that integrates financial and non-financial (intangible) value and risk factors
3. A continuous, virtuous cycle of improvements in Total Stakeholder Value and long-term, shareholder returns
4. A simple methodology for understanding an organisation's value; both intrinsic and market capitalisation.
5. Attainment of a deeper understanding of systems at a global and organizational level
6. The ability to analyse, measure and report on the value of organizational intangibles such as governance, culture and human capital to aid investment decision making, stewardship and corporate engagement.
7. Incorporation of all CSR and ESG considerations into investment strategy, creating a coherent responsible investment model

The course also provides a route to immediate Affiliate membership of the Maturity Institute (AMI designation) with further opportunities to progress to full, professional accreditation.

## Programme

### Day 1:

We will introduce core definitions and standards applied as part of our measurement methodology e.g. intrinsic value and the Total Stakeholder Value System (Figure 1)

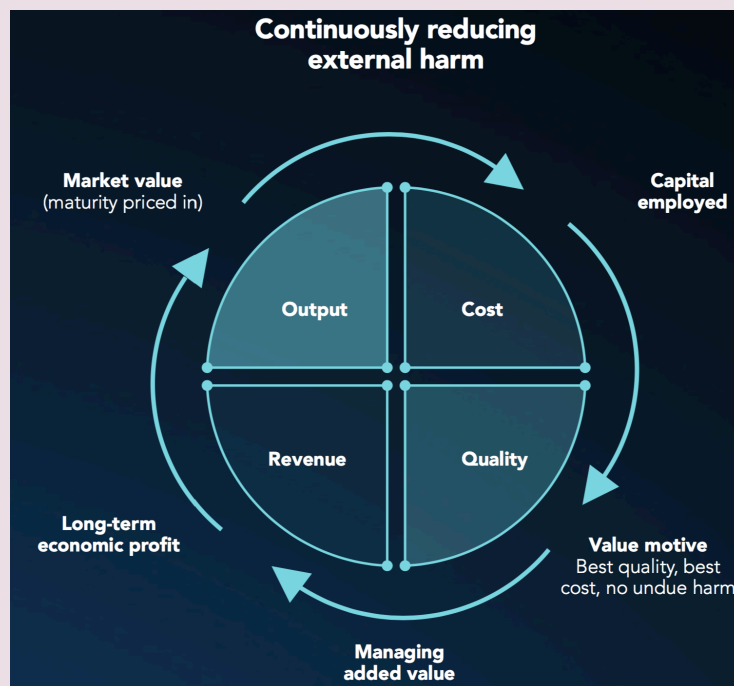
### Day 2:

Organisational Maturity Ratings (OMR) - the class will be taken through a complete OMR rating exercise to concentrate on applying the methodology and undertaking the necessary data collection from externally available information.

### Day 3:

(NB. This can be scheduled to run one to two weeks after Day 2.) It includes:

- Quantifying value and risk from OMINDEX
- Engagement - taking a Board and CEO through OM30
- Q&A - issues in OMINDEX Analysis
- Where will your professional development take you from here?

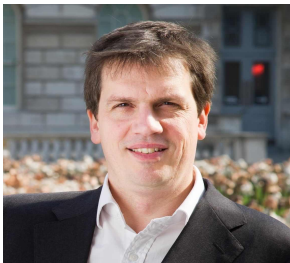


*"At an organizational level, it is important that stakeholders within the ecosystem find a more nuanced metric with which to assess the health of individual firms. Maturity does this with its Total Stakeholder Value measure, starting with a conventional organizational measure of performance but then rewarding or penalising a company for its performance across seven qualitative measures, most of which have played a part in drawing out this paper: purpose, systems, risk, incentives and networks. We need to encourage organizations to have a more holistic dashboard and the related forward-looking Organizational Maturity Rating could help provide an alternative vision to the traditional equity or credit indicators currently used."* **TTF White Paper on UK Financial Stability presented at Palace of Westminster,**

## Speakers



Paul Kearns' wealth of experience comes from a long career in strategic human capital management, with a particular focus on measuring the value of 'intangibles'. It led him and a group of colleagues, in 2012, to establish the Maturity Institute (MI). MI measures and rates companies according to how well they reconcile their business models with wider societal responsibilities. These Organizational Maturity Ratings (OMRs) constitute OMINDEX, a benchmarking scale for investment and business management. Paul recently co-authored MI's first textbook with Stuart Woollard - 'The Mature Corporation: A Model of Responsible Capitalism' - which uses MI's research evidence to demonstrate how maximising long-term shareholder value is entirely dependent on maximising Total Stakeholder Value (TSV), integrating financial, human, and environmental performance. Paul is Senior Partner at UK-based advisory firm OMS LLP.



Stuart Woollard is Managing Partner of OMS LLP (Organizational Maturity Services) and co-founder and Council member at the Maturity Institute. He is currently leading pioneering work using the Maturity Institute's OMINDEX to show how the very best organisations are able to serve society, build effective human value systems and provide the greatest benefit for all stakeholders. He has published research on the management of people in global contexts and was appointed an Innovation Fellow at King's College London in 2010. Stuart was part of the international leadership team at E\*TRADE Financial and UK Managing Director, and previously led advisory businesses, both independently and at Arthur Andersen. He is a regular conference speaker and He is a regular conference speaker and teaches on MBA and graduate programmes.

### **COURSE FEE**

The course fee is £2,995 plus VAT. This includes all tuition, course materials and includes MI's core text - 'The Mature Corporation'.

This is an intensive course, with teaching based on a 9-5pm working day. However, there will be group work, assignments and reading outside these hours. There will also be some pre-course reading and tasks to complete before the first session.

### **HOW TO APPLY**

To apply for this course please contact [paul.kearns@omservices.org](mailto:paul.kearns@omservices.org)

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