



# Responsible Investing and Impact Measurement: OMINDEX & Total Stakeholder Value A Maturity Institute Course

After approximately one day of video-based tuition you will be ready for our 3-day intensive, tutor-led, skills development programme. This is aimed at an MBA-equivalent level for investment analysts. It provides a complete professional package to become a practising OMINDEX Analyst comprising: -

**Theory:** How to apply the theory of Organisational Maturity & Total Stakeholder Value (TSV) and its powerful insights to asset management

**Method:** OMINDEX - a diagnostic using measurement of maturity to rate organisational health for investment purposes

**Practice:** Develop your capability to produce your own Organisational Maturity Ratings (OMRs) for equity analysis

**Professional:** Recognition for MI professional learning with an option to take up Maturity Institute Affiliate membership

## The Investment Analyst's dilemma in the new stakeholder economy by Lucy Dunnett, Investment Advisor, Berenberg Bank

"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.

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 for 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 unchecked and are left to focus only on making the highest possible return for their shareholders, are 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 until now, nobody has worked out how to connect impact measurement to long term financial performance.

Some investment managers are concerned that if they start presenting impact measurement data, it may conflict with financial performance. For example, a tobacco company may 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 the effects of smoking.

### 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; we may risk losing them. Or should we continue to keep

the impact measurement data separate from our research reports: 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 organisation 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 the growing evidence from OMINDEX analysis underpins this premise."

# Responsible Investing & Impact Measurement: OMINDEX & Total Stakeholder Value

## A Maturity Institute Course

This is a Maturity Institute (MI) course for Financial Analysts based on our core text - 'The Mature Corporation - A Model of Responsible Capitalism'.

- You will learn how Organisational Maturity Rating (OMR) and OMINDEX measures company intangibles or 'non-financial' data.
- Using publicly available information, you will apply 32 carefully designed questions (the OM30) to produce an initial rating (OMR) on a 'AAA' scale based on S&P style credit rating.
- You will link your OMR to financial value and risk outcomes and calculate Total Stakeholder Value (TSV) using our simple formula for listed companies, as well as consider TSV as a component of market capitalisation in absolute and relative terms.

Teaching will involve 3-day classroom sessions with a minimum of one day of self-directed learning. This course will provide you with:

1. A universal 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 organizational and human systems that have high predictive validity for the long-term
6. An 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. A way of incorporating 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

#### Pre-reading and viewing provided

- Textbook: 'The Mature Corporation - A Model of Responsible Capitalism'
- Videos: 4 x 90 minutes - 'Maturity Institute Orientation'
- Videos: 2 x 60+ minutes - 'Novo Nordisk case study'
- Classroom session slides

#### Classroom tuition (3 x 1-day over 2 weeks)

##### Day 1: Classroom

- Reviewing pre-reading, with Q&A
- Introduction of core definitions and standards applied within our measurement methodology e.g. intrinsic value and the Total Stakeholder Value system (Figure 1)
- Organisational Maturity Ratings (OMR) - the class will be taken through the 1st OMR rating exercise in detail by Paul Kearns to concentrate on applying the methodology and undertaking the necessary data collection from externally available information

##### Day 2: Classroom

- Stuart Woollard will lead the class through the 2nd OMR
- Preparation of 3rd OMR under guidance from both tutors
- Day 3 assignment brief (4th OMR) set for following week

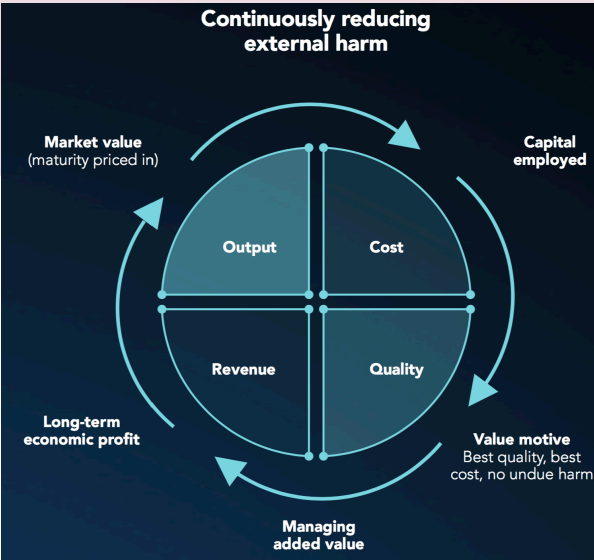
##### Day 3: Classroom

- Review of OMR assignment
- Quantifying value and risk from OMR and OMINDEX
- Engagement: role play leading the Chair/CEO through OM30
- Q&A OMINDEX Analysis - critical factors and sector considerations

**Post-course support** As a professional development institution, the Maturity Institute can provide on-going, further development on both an individual and group basis.

*"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 House of Commons, Westminster, February 2018**

Figure 1: The Total Stakeholder Value System





## 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 teaches on MBA and graduate programmes.

## COURSE FEE

The course fee is £2,975 plus VAT. This includes all tuition, course materials and MI's core text - The Mature Corporation. Catering is also included.

## COURSE DATES

The course will run on ..., ..., and ... 2019. This is an intensive course, with teaching based on a 9-5.30pm 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@maturityinstitute.com](mailto:paul.kearns@maturityinstitute.com)

We strongly encourage you to apply as early as possible before the start of the course to avoid disappointment.

Please note the deadline for applications for this course is ..... 2019.

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