

2016

VALUE OF VALUE: BOARD-LEVEL INSIGHTS

PURPOSE

(BEYOND)

PROFIT

In 2016, executives globally agreed on the increasing value of understanding and communicating the value creation potential of their organisations to build relationships with stakeholders and improve integrated thinking and strategic decision-making. But the 2016 Value of Value: Board-Level Insights shows executives lack the management and reporting information to understand and interpret the future drivers of their business.

AICPA

CIMA

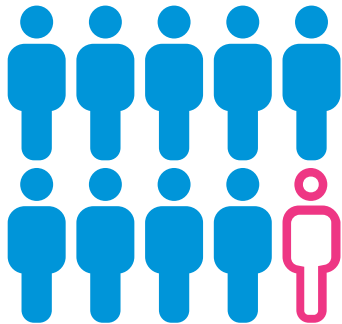
Black Sun

INTEGRATED REPORTING <IR>

BUSINESSES TODAY HAVE TO THINK AND DO DIFFERENTLY FOR TOMORROW

DELIVERING BEYOND JUST PROFIT

Across all regions, the majority of executives agreed that organisations need to shift focus from pure shareholder value creation to wider value creation. Today, business finds itself with a new challenge of delivering beyond just profit.

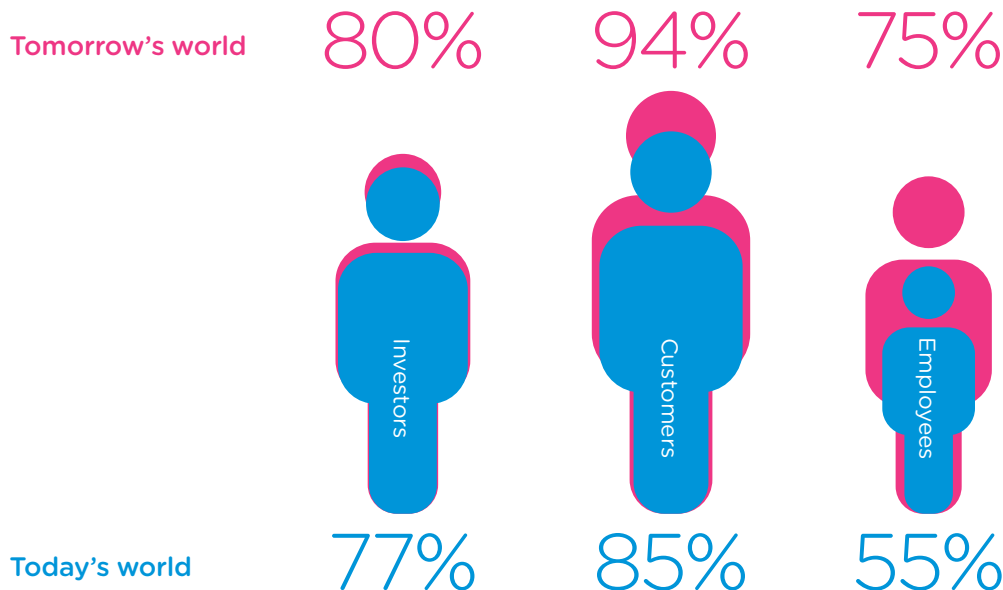


89%

agree that business must deliver
PURPOSE beyond PROFIT

STAKEHOLDERS KEY TO FUTURE SUCCESS

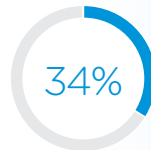
In the future, the importance of meeting the expectations and needs of customers and inspiring and engaging people will grow far more in importance than only profitability and financial returns for investors.



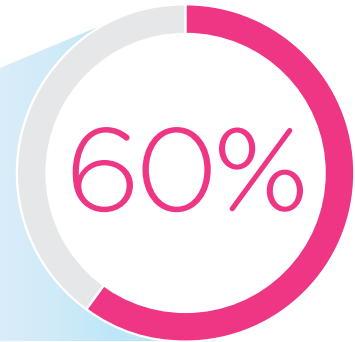
LONG-TERM THINKING ESSENTIAL FOR LONG-TERM SUCCESS

EXECUTIVES

Although barriers to long-term thinking and behaviour exist, if given the choice, most executives feel that they should be using a longer-term time horizon than they are currently.



currently use a planning horizon of over 3 years



prefer longer-term planning horizons of over 3 years

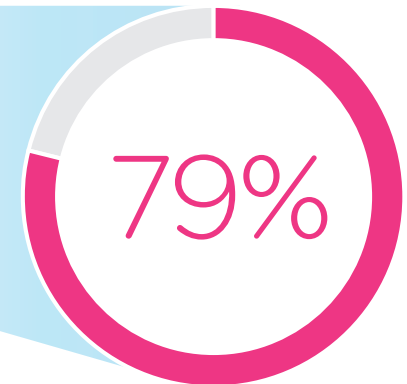
← The past

The future →



INVESTORS

Despite the rise in short-termism, executives believe that investors' longer-term perspective on strategic planning is extremely important in analysing performance.



agree investors want future perspective

VALUE POTENTIAL

Today, longer-term perspectives on strategic planning are becoming more desired by executives as well as by investors and creditors. The rules of engagement have changed so leaders must consider shifting focus to support long-term strategy and sustainable growth.

79%

agree a longer-term perspective on strategic planning would improve value creation potential

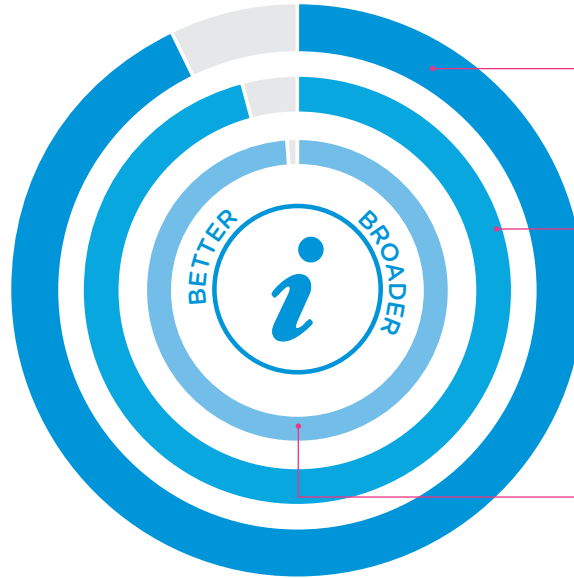
BETTER INFORMATION NEEDED TO DELIVER FUTURE SUCCESS

IMPORTANCE

Across all audiences, the importance of a broader range of performance factors and future drivers to encourage integrated thinking and strategic decision-making was undisputed. Business needs to establish a new model of management and leadership to fulfil their mandate to create wider value for all stakeholders.

BUSINESS BENEFITS

Decision-making will change as organisations understand their own value creation processes differently and make changes to the way they measure, manage and understand different elements of performance.



93%

agree critical to long-term value creation

96%

agree more effective identification and management of company risk; more forward looking, longer-term view of company performance; improvements in decision-making

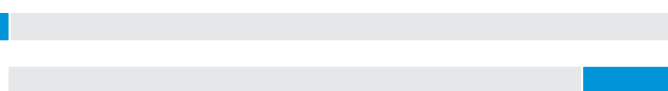
99%

agree understanding will improve decision-making

TODAY'S INFORMATION AND REPORTING ARE HOLDING US BACK

Despite wide acknowledgement by executives that a longer-term view and a broader range of performance metrics are key to improved performance and long-term sustainability, the majority are struggling.

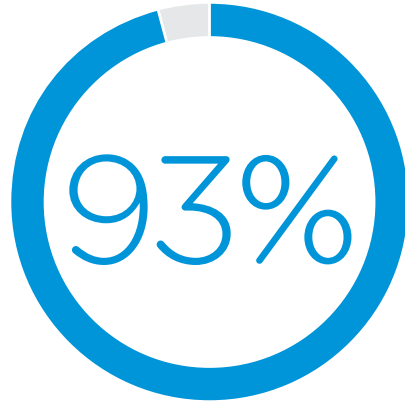
only
11%
able to make strategic decisions based on broader factors



only
24%
feel fulfilling external information needs

REPORTING CAN HELP DRIVE BEHAVIOUR CHANGE

The majority of executives, across all regions, agreed on the importance of effectively explaining how their business creates value for the long term through their corporate reporting. There is increasing recognition that the reporting process is a tool, which can be used to help business to understand the ability of their organisation to create value in the short, medium and long term.



agree corporate reporting is critical to capturing the value creation story

INTEGRATED THINKING AND INTEGRATED REPORTING IS NEEDED TO CAPTURE THE “VALUE CREATION STORY”

The aims of Integrated Reporting are seen to be aligned to their own organisations corporate objectives and priorities by a majority of executives. There is also recognition by many that embracing integrated thinking and Integrated Reporting would help broaden and extend organisations’ views on value creation to inform judgements needed to best take decisions to create and preserve value. Numerous organisations are already on that journey, incorporating some level of <IR> into their reporting process. Although they may not refer to it as such, they see the benefits of future proofing their organisations for tomorrow’s world.



believe that adopting <IR> would help deliver success to their organisations

“Purpose beyond profit is an imperative in today’s world and this will only be achieved through better understanding and communication of the wider factors, which contribute to value creation and building successful relationships with a range of stakeholders.”

This AICPA-CIMA-Black Sun-IIRC Board-Level Value Insight is an annual global survey that finds out how business leaders think they can best tell their value creation story. The story of how value creation is achieved and sustained is important, not only for executives – who are responsible for the successful stewardship of the business – but also for wider stakeholders. In many ways, the integrity of the value creation story is essential to building trust in organisations.

Questions cover a range of topics investigating how you understand value, how you think about value and how you tell your own value creation story. This survey is based on the views of over 400 AICPA and CIMA members between August and October 2016. This cohort included 41 CEO/Presidents, 177 CFOs and other C-suite executives from over 50 countries.

AICPA

The American Institute of CPAs (AICPA) is the world’s largest member association representing the accounting profession, with more than 418,000 members in 143 countries, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting.

www.aicpa.org

CIMA

The Chartered Institute of Management Accountants (CIMA), founded in 1919, is the world’s leading and largest professional body of management accountants, with members and students operating in 176 countries, working at the heart of business. CIMA members and students work in industry, commerce, the public sector and not-for-profit organisations.

www.cimaglobal.com

BLACK SUN

Black Sun is a stakeholder communications company.

We believe that in today’s fast moving and highly uncertain world, successful businesses are those able to deliver long-term value to the people around them – their stakeholders. When stakeholders are heard, engaged and inspired, businesses are understood, trusted and supported. They are more valued by their stakeholders and perform better.

www.blacksunplc.com

IIRC

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting.

www.integratedreporting.org

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