

# Using Integrated Reporting to tell better stories

HESPA Conference 2017

Workshop 9

Phil McNaul & Simon Perks



STORY TELLING  
IS ABOUT CONNECTING  
TO OTHER PEOPLE  
AND HELPING PEOPLE  
TO SEE WHAT  
YOU SEE.

-MICHAEL MARGOLIS

-[WWW.LOVEANDTREASURE.COM](http://WWW.LOVEANDTREASURE.COM)



DATA SATISFY THE ANALYTICAL PART OF OUR BRAINS,



BUT STORIES TOUCH OUR HEARTS.



20 January 2017

**STRANGLER WITH A SCARF** Son of Nigerian government official murders £220-an-hour escort weeks after he arrived in the UK to go to university



15 December 2016

**HOPES SLASHED** Poor kids less likely to win uni place over richest as surging number of EU students get tax-payer funded loans



21 October 2016

**XMAS BONKBOT FEST** Christmas sex robot festival to be held at top London university

20 January 2017

**PERV PROF SPARED** University lecturer walks free from jail despite admitting online sex chats with schoolkids as young as 13



08 January 2017

**BIPOLAR BARD** Academics at Glasgow University launch study to see if Robert Burns suffered from mental illness



03 November 2016

**DYSON UNI PLANS** Sir James Dyson launches his own university to tackle shortage of 200,000 UK engineers

Adventures in Community Management

I DON'T HAVE TIME TO ENGAGE WITH OUR COMMUNITY. I'M TOO BUSY CREATING A WEB SURVEY TO FIND OUT WHAT OUR CUSTOMERS THINK.



COMMUNITIES THAT MEAN BUSINESS

 **satisfaction**

CREATED BY MARKETLOON STUDIOS

GETSATISFACTION.COM

65%

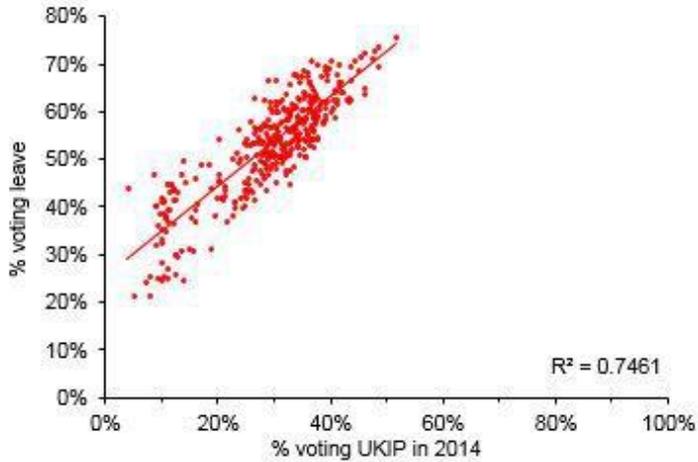
have never used  
our facilities

66%

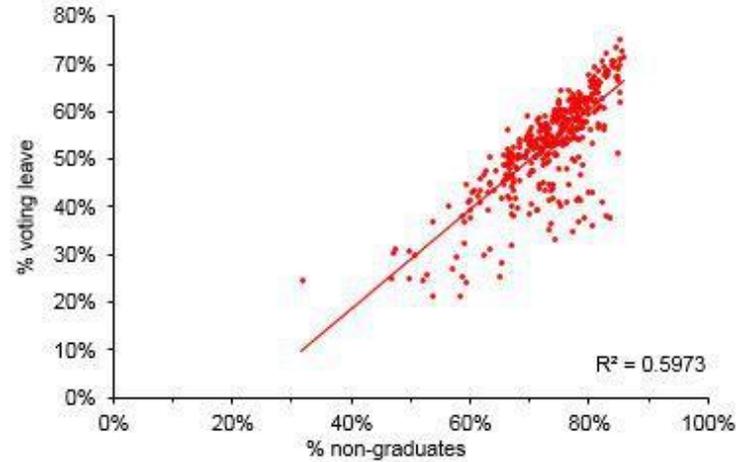
do not fully  
understand what  
we do

# Brexit revealed a new story.....

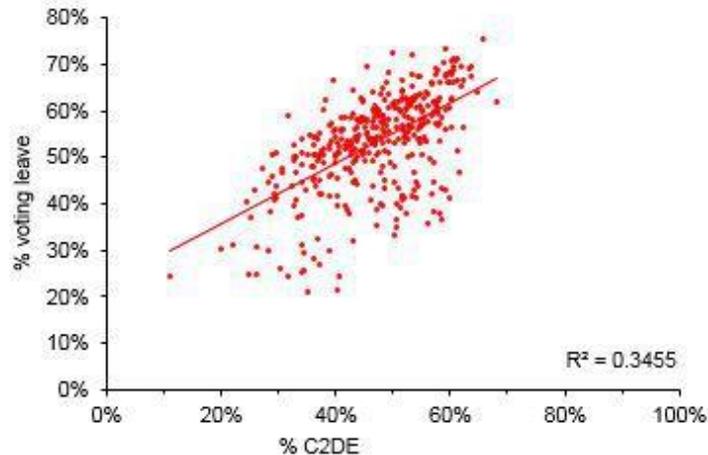
Voting behaviour: % voting UKIP in 2014



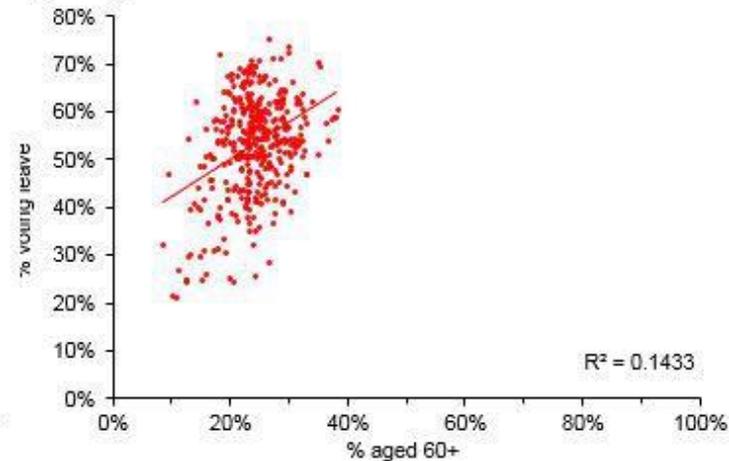
Highest qualification: % non-graduates



Social grade: % population C2DE



Age: % aged 60+



Other things being equal, support for leave was 30 percentage points higher among those with GCSE qualifications or below than it was for people with a degree.

Brexit vote explained: poverty, low skills and lack of opportunities;  
Joseph Rowntree Foundation,  
August 2016

# What are Universities?

Proposition 4 - The university's concern is 'useful knowledge', but not merely with the immediately applicable - a university is a resource for an unknown future.

Geoffrey Boulton  
29 March 2009 University World News  
Global Edition Issue 69

What is Integrated Reporting ?

# What is an Integrated Report ?

An Integrated Report says who we are and where we are going.

“a concise communication about how an organisation’s strategy, performance and prospects ...lead to the creation of value over the short, medium and long term”.

# ...and why is it different ?

It looks at both style and substance.

The Integrated Reporting framework sets out a suite of guiding principles and content elements that form the backbone of an Integrated Report.

Furthermore, an Integrated Report should be a pleasure to read.

And it is very different from what universities have done in the past.



# Why integrated Reporting ?

An Integrated Report can become a useful tool

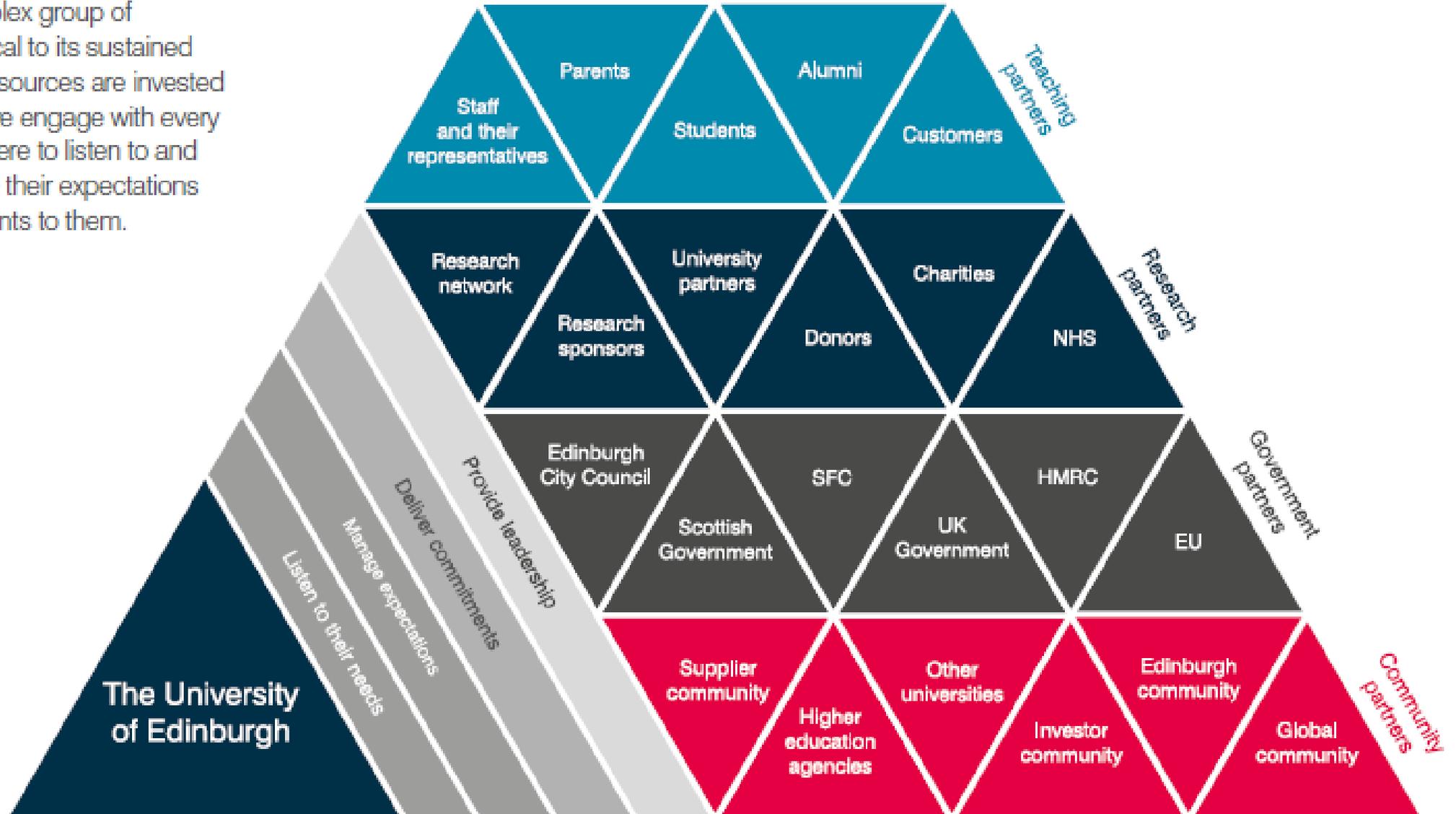
for a wider range of stakeholders

to gain a deeper understanding of a university's

performance, plans, and prospects.

## Our stakeholders

The University has a complex group of stakeholders who are critical to its sustained progress. Considerable resources are invested each year to ensure that we engage with every stakeholder group listed here to listen to and meet their needs, manage their expectations and deliver our commitments to them.



# 3 Fundamental Concepts

- Value Creation

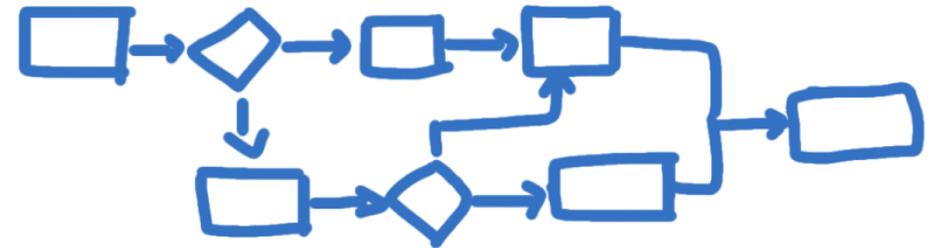


- The 6 Capitals

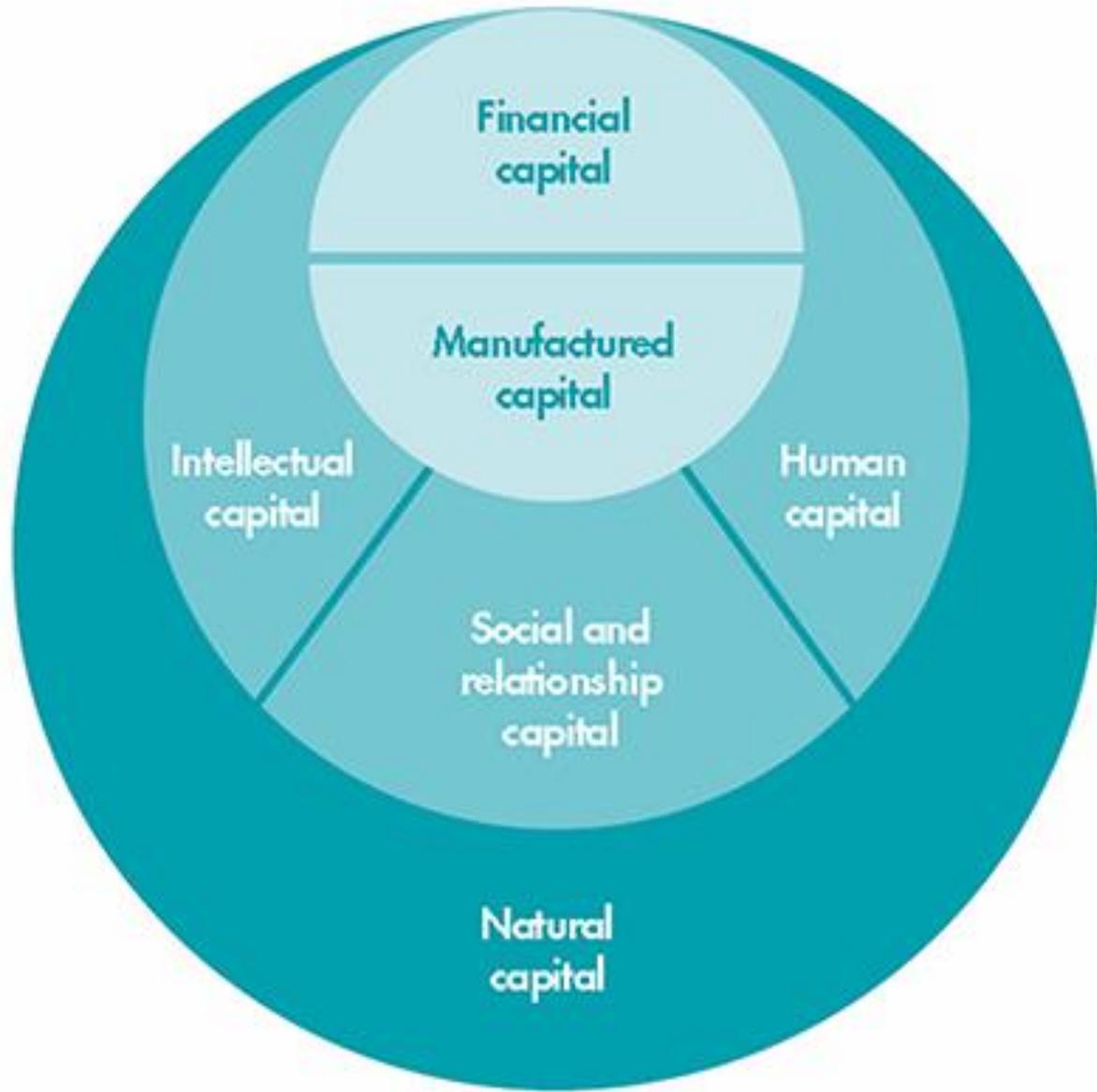
- The Value Creation Process

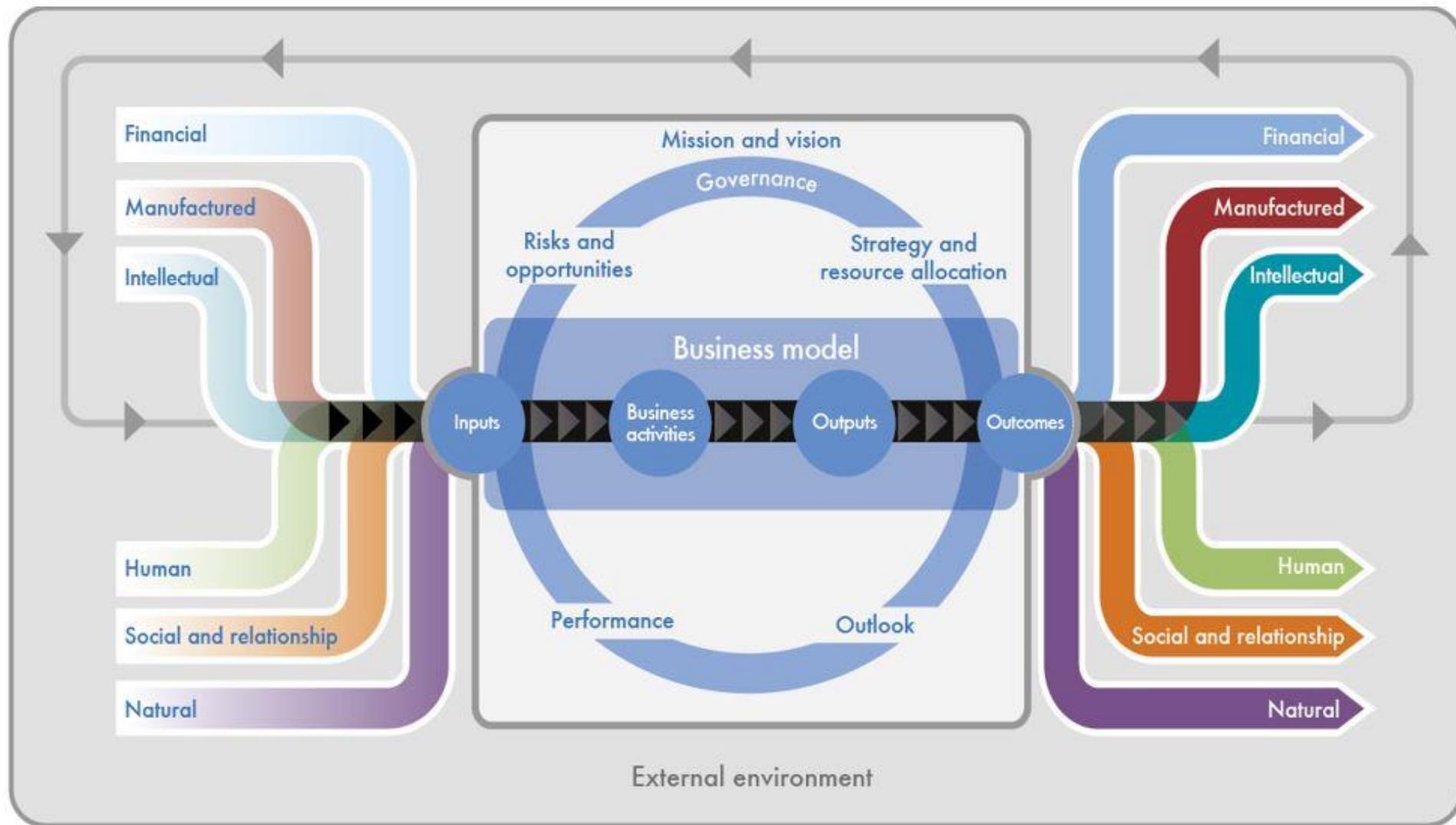


*How Do You Define It?*



## The <IR> 6 capitals





Value creation (preservation, diminution) over time

# 7 Guiding principles

- Strategic focus, Future orientation
- Connectivity
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability & Completeness
- Consistency & Comparability



# Content elements are driven by the Principals

- Organisational overview & external environment
- Governance
- Business model
- Risks & opportunities
- Strategy & resource allocation
- Performance
- Outlook
- Basis of presentation



# Create value, Tell the story

But <IR> is far more than just a reporting framework. It helps a company:

- **create value** – by better understanding and connecting the disparate sources and drivers of long-term value to enable better strategy formulation, decision making and implementation through their business model
- **tell the story** – of how value is created more effectively, both internally and externally, in a succinct way in order to win trust and secure reputation by encouraging better relationships with investors, employees and other stakeholders.

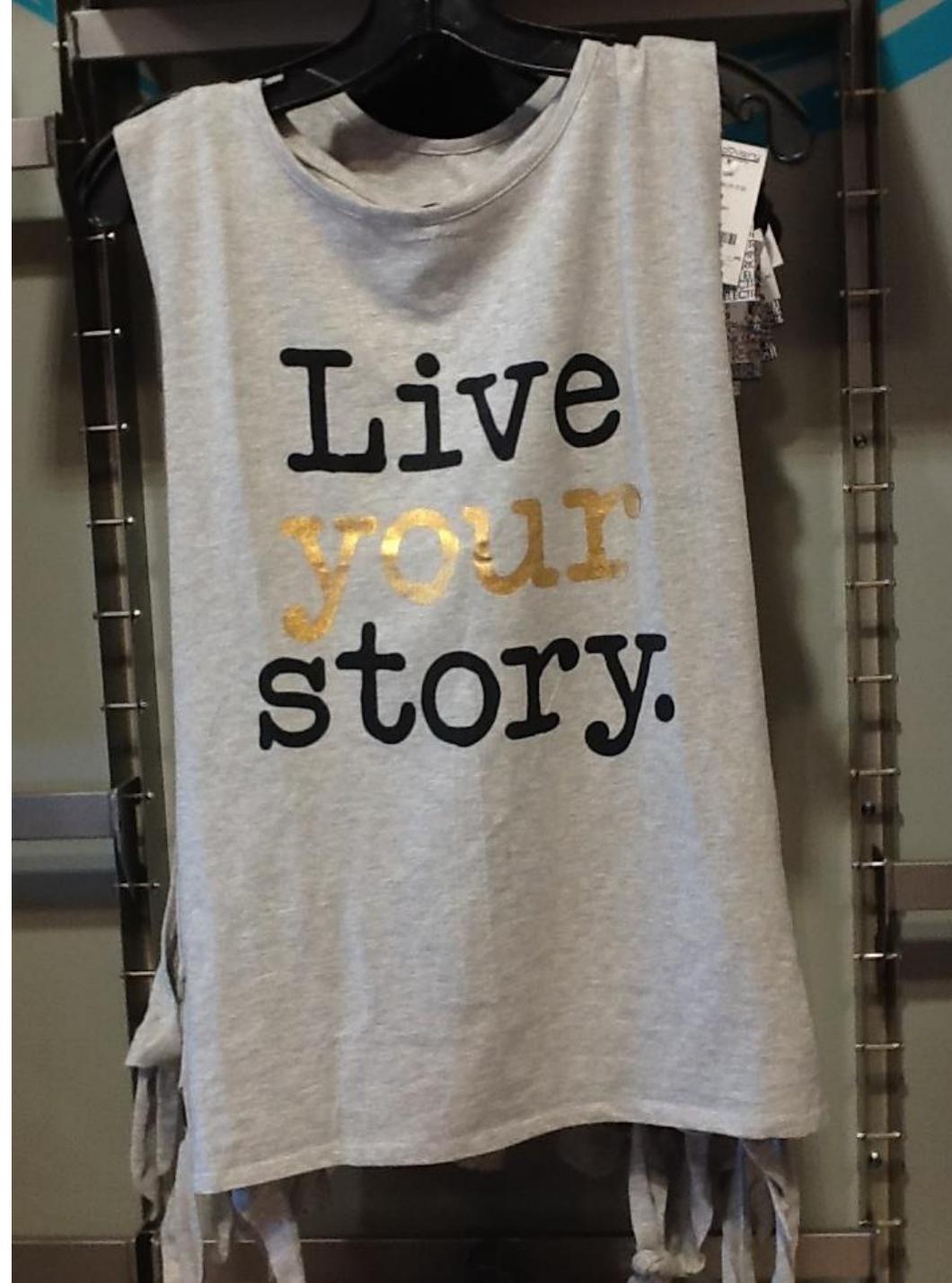
# Live your story....

Deloitte's Directors' Guide to <IR>,

..integrated thinking is at the heart of integrated reporting....

... it “challenges and enables companies to ‘live their story’, rather than merely tell it.”

It is, in essence, the means for an authentic presentation of the organization and how it is creating value.



# Integrated Reporting Integrated Thinking

integrated thinking is the **active consideration** by an organisation of the **relationships** between its various operating and functional units and the **capitals** that the organisation **uses or affects**.



integrated thinking leads to integrated **decision-making** and **actions** that consider the **creation of value** over the short, medium and long-term

# The story is about Value Creation....

Being able to excel in telling your value creation story will therefore be an increasing source of competitive advantage – that's the main conclusion we have drawn

CEOs must excel in bringing to life the story of how their business creates value – we strongly believe that this matters for people within and beyond the business, whether they are customers, suppliers, staff or investors. Doing this and doing it well will unlock future value, enable business success and will also meet the needs of people, planet and profit.

# Business and Universities have shared goals....

~~Businesses~~ are the engines of value creation. It is through their global footprint and innovative capabilities that many of the challenges we face as a global society will be addressed. And they do this in the context of an increasingly interdependent, volatile, uncertain, complex and ambiguous business environment and one in which trust in ~~businesses~~ is low. If ~~businesses~~ are not making, and seen to be making, a positive contribution to the societies of which they are a part then they will lose trust and value as a result.

# Corporates are getting the message....

“The fact of the matter is we live in a very volatile world where businesses such as Unilever face issues which need **long-term solutions**.

It’s just **natural** that we should be thinking in terms of the way that we **tell our story externally**, and indeed the way that we **think internally**,

in a much more **integrated, long-term perspective**.”



Susanne Stormer

## Telling your corporate value creation story

Susanne Stormer, vice president, corporate sustainability at Novo Nordisk

Our motivation for adopting <IR> was the ability to send a clear message to key audiences, investors and other stakeholders, of the way we do business and deliver value. Our stated objective was for stakeholders to enhance their valuation of the company.

<IR> is gaining traction...

1,000 companies  
worldwide

# Senior management experiences – familiar?

CIMA and the AICPA found that senior leaders are often struggling to make the right decisions:

“The large majority find themselves battling against

**bureaucratic decision-making processes,**  
**siloes** and

**short-term thinking,**

**breakdowns in trust and collaboration**

inside the organization and

difficulties with translating ever-expanding volumes of information into **relevant**

knowledge.”

However, the researchers also identified a group of organizations that were

“using **high-calibre decision making** to drive **performance** and

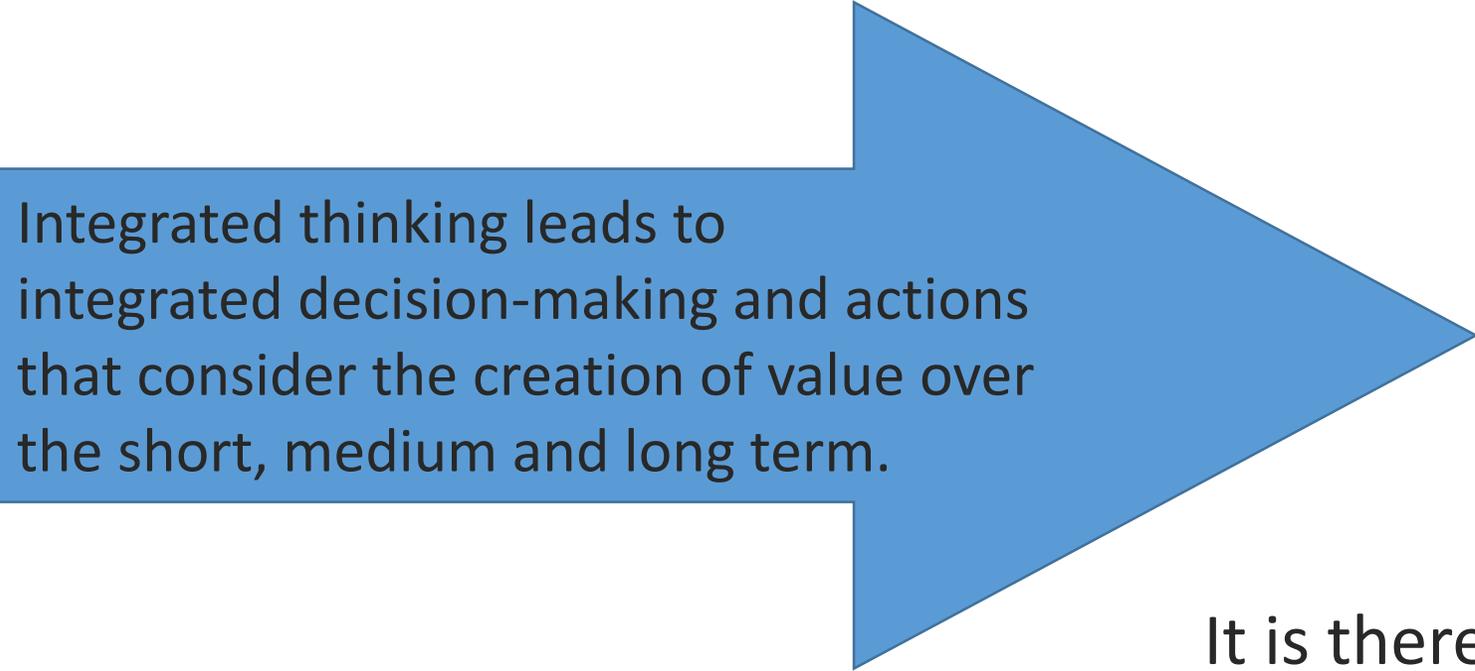
**bottom-line results,**

as well as making their organization

**an attractive and stimulating environment for talented people”.**

These “**Integrated Thinkers**” were delivering business performance that was consistently above their industry peers.

# Why is it essential to strategy?



Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term.

It is therefore essential to the development of strategy and provides a valuable connection to the board.

# Integrated thinking **improves** decision making...

**74%**

of executives  
and

**93%**

of NEDs thought integrated  
thinking had improved  
decision-making at  
management level.

**72%**

of executives  
and

**86%**

of NEDs thought  
integrated thinking had  
improved decision-  
making at board level.

<IR> enables integrated thinking  
**which supports** reporting...

**78%**

of executives  
and

**71%**

of NEDs thought integrated  
reporting had been a  
driver towards achieving  
integrated thinking.

**68%**

of executives  
and

**71%**

of NEDs thought  
integrated thinking had  
helped organizations to  
develop a more cohesive  
approach to reporting  
(such as systems,  
internal controls, regular  
management review, etc).

Investors like it .....(think of your funders)

**“ We think Integrated Reporting can enhance the approach that portfolio managers take. The key benefit is the way companies articulate their business models and link the inputs and outputs. The best integrated reports focus on the specifics. ”**

Professor Christian Strenger, Board member,  
Deutsche Asset Management. *Joining the Dots:  
Decision making for a new era*

**“ We need to be able to understand the strategy to discuss it, so high quality reporting helps us to challenge management to check that what is reported is really happening – are they living the values they have reported? It can be a concern, if we don't see the integrated thinking behind the reporting evidenced in the conversations we are having with companies and we will need to do some more digging. ”**

Roland Bosch, Sector lead: Financial Services,  
Hermes Equity Ownership Services



## GOOD STORIES COMPEL PEOPLE TO CHANGE



THE WAY  
WE FEEL

Stories demand  
an emotional  
investment.



THE WAY  
WE THINK

Stories pique  
and hold  
interest.



THE WAY  
WE ACT

Stories bring  
energy to the  
message.



THE WAY  
WE BEHAVE

Stories cause  
us to take  
action.

Using <IR> to tell better stories

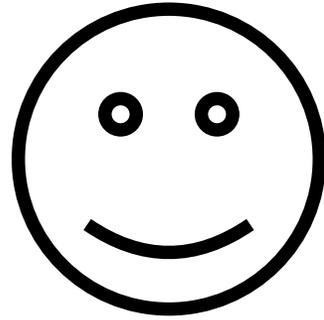
HEMINGWAY



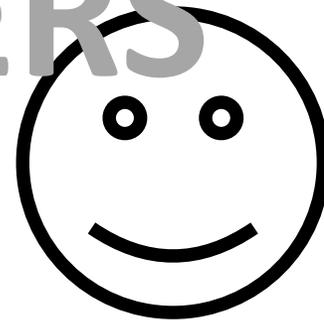
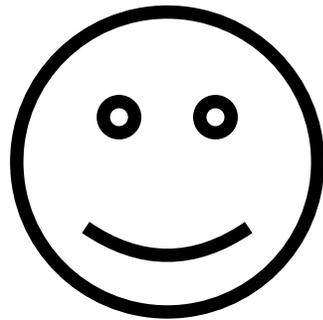
THE OLD MAN  
AND  
THE SEA

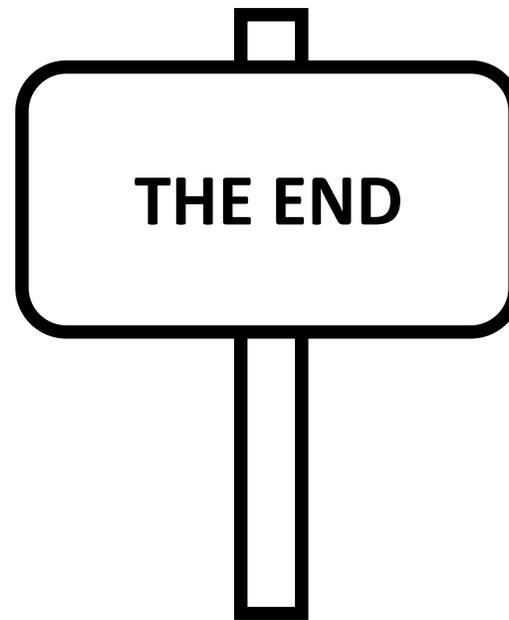


PLACE



CHARACTERS



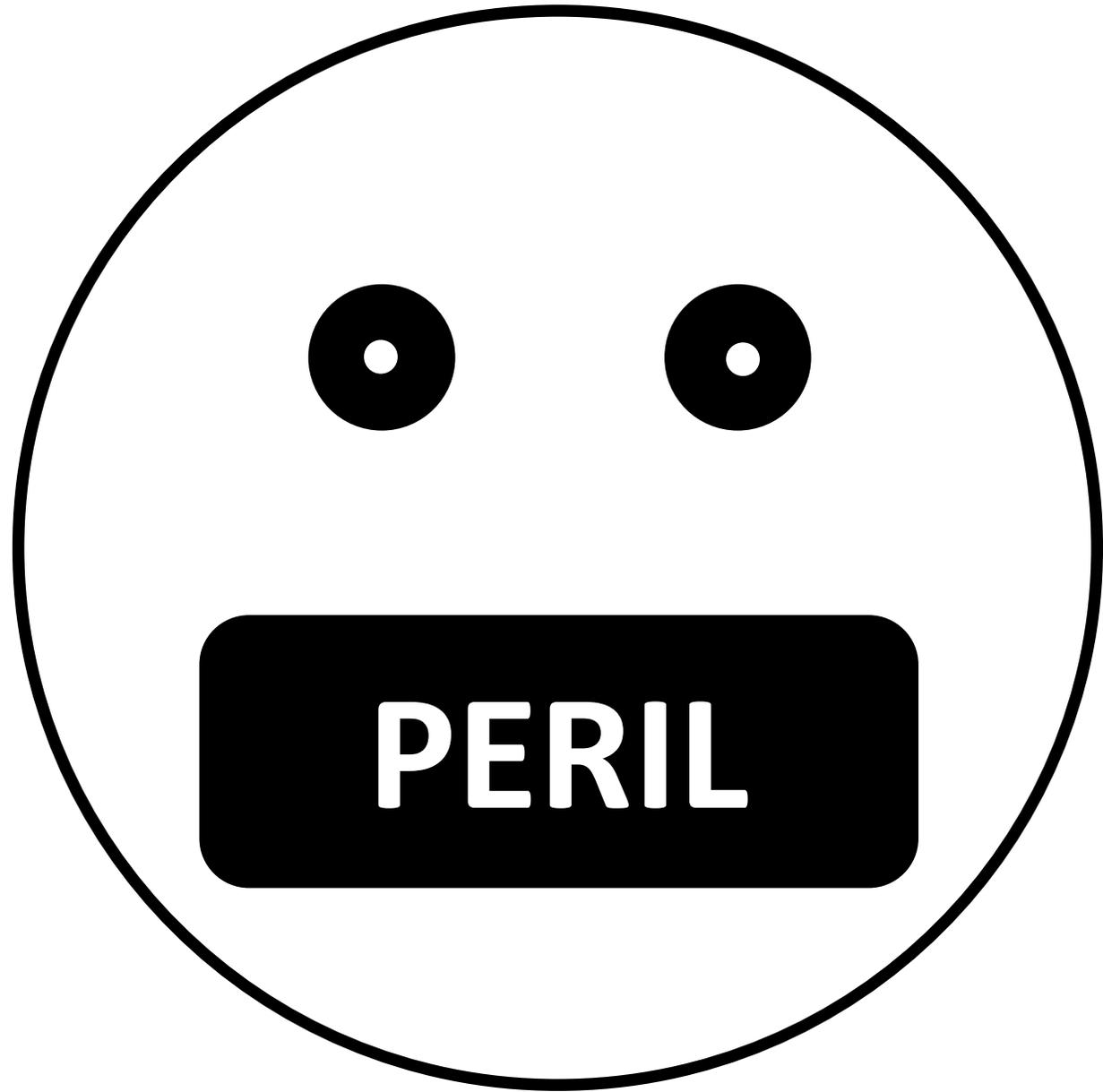


PREMISE

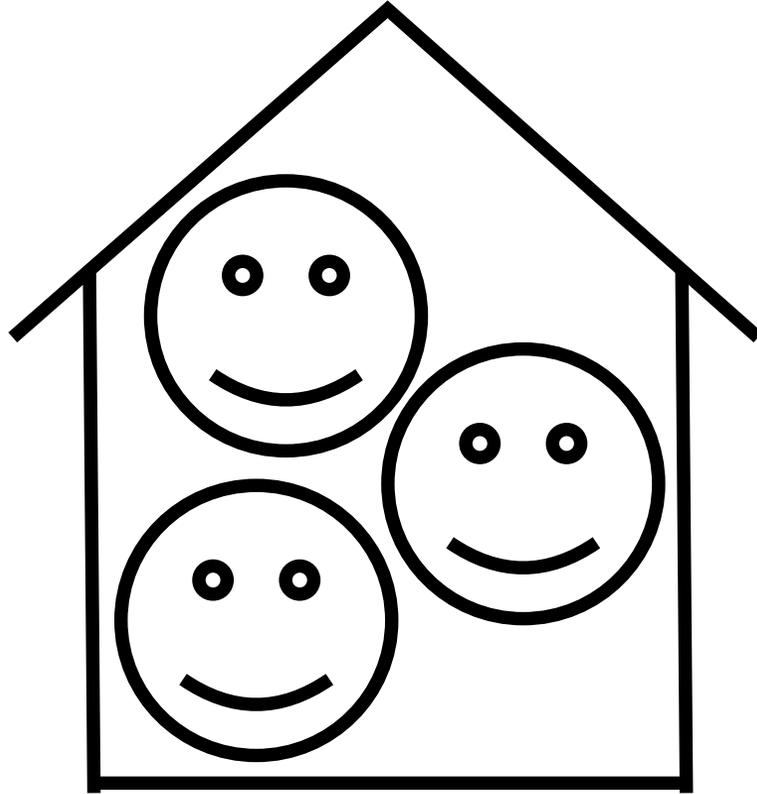
**IN THE  
BEGINNING...**



**THE END**



HAPPY



ENDING

**What's your story?**

“Tell me the facts and I’ll learn. Tell me the truth and I’ll believe. But tell me a story and it will live in heart forever.”

Old Native American Proverb

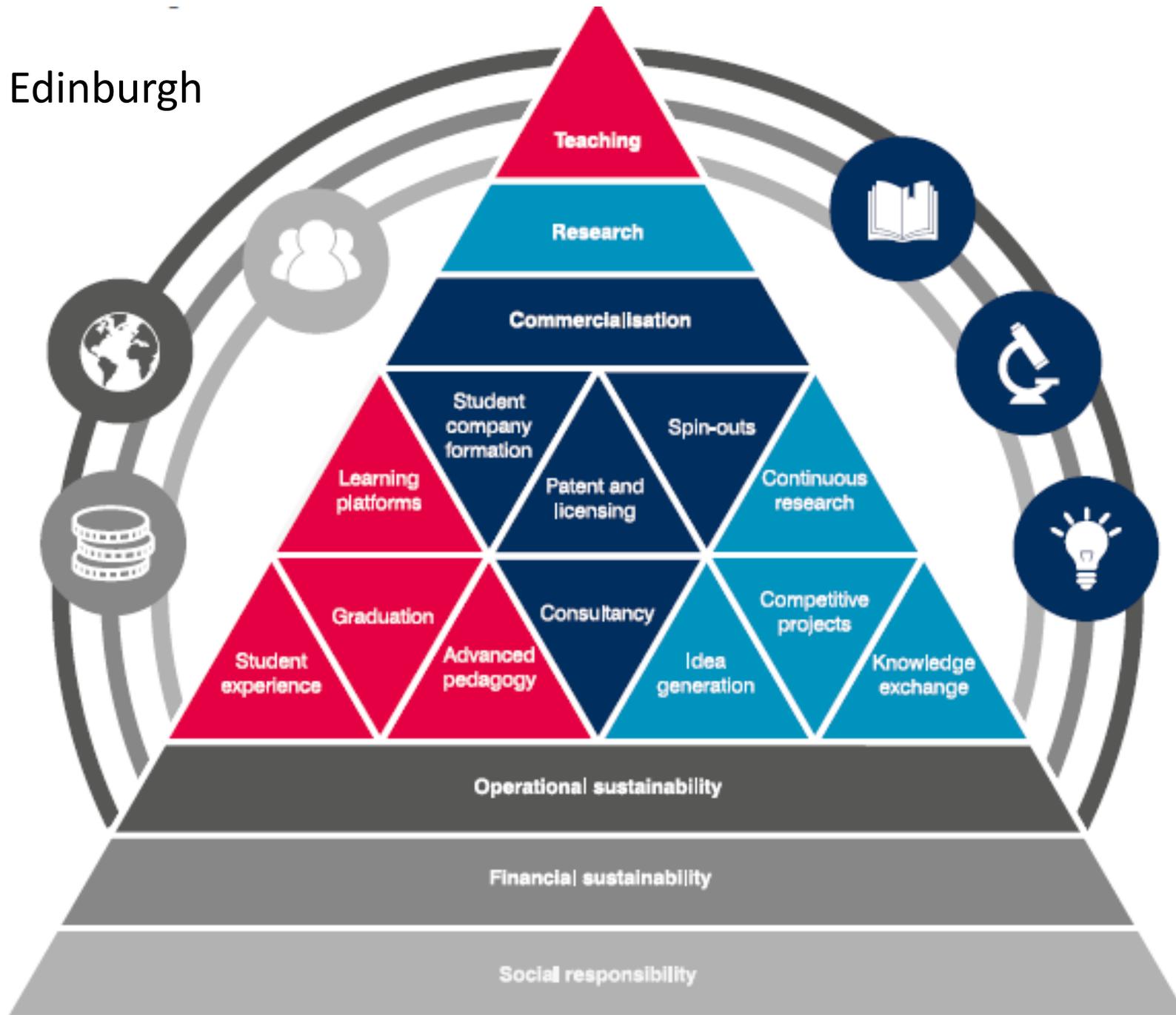
# Telling your stories.....

Here are a few examples from Edinburgh’s annual report to get your started.....

## Our vision

To recruit and develop the world's most promising students and most outstanding staff and be a truly global university benefiting society as a whole.

# University of Edinburgh Value Model





### **Environmental**

We drive through leadership on many environmental 'hot topics' including: better building design in our campuses; research through the Edinburgh Centre for Climate Change Institute; a new policy to screen out certain companies involved in fossil fuel exploration; and creating more efficient means of generating energy.



### **Financial**

The University must remain operationally robust and financially sustainable. We provide employment for more than 13,000 people and invest heavily in the support and development of our students. We generate cash flow to leverage funds from government, donors and from core academic institutions.



### **Societal**

We educate future citizens and leaders from across the world and our Global Academies drive engagement with Government and key individuals. Our research helps to solve global challenges and address societal and technological problems.

## Our value model

The University of Edinburgh has an established identity reflecting more than four centuries of success in educating its undergraduate and postgraduate students to high levels of attainment and conducting leading edge research. The University continues to contribute to finding ways of addressing and resolving major global challenges and in doing so creates value for society making a positive net impact locally and globally. We do this through our relationships with key stakeholders and the careful management of key societal, environmental and financial capital. As well as fulfilling our statutory responsibilities, we manage and examine these capitals in order to provide a lens through which we can further assess and report the extent to which we are creating value.

The academic work of the University can be summarised as the creation, dissemination and curation of knowledge. It comprises three interdependent streams of activity: teaching, research and commercialisation.

The value derived from these activities is expressed in our impact on societal needs and is reflected in our reputation, research awards and by student demand.

N/A Performance data not yet available   ↑ Increasing   ↓ Decreasing   ↔ Maintaining

| Strategic goal           | KPIs  | Status |
|--------------------------|---|--------|
| Excellence in education  | Proportion of leavers achieving a successful outcome (degree, transfer or other award)          | ↔      |
| Excellence in research   | Russell Group market share of research income (spend)   | ↓      |
| Excellence in innovation | Knowledge exchange metrics: number of disclosures, patents, licenses and new company formations | ↓      |

| Targets   | Red/amber/green status |
|---|------------------------|
| Increase student satisfaction with academic and pastoral support  | G                      |
| Increase student satisfaction with opportunities and support for developing graduate attributes and employability | R                      |
| Increase average number of PhD students per member of academic staff to at least 2.5                              | R                      |
| Increase score for the citations-based measure in the THE World University Rankings to at least 94/100            | G                      |
| Achieve at least 200 public policy impacts per annum  | G                      |
| Increase economic impact, measured by GVA, by at least 8%   | G                      |

The University's approach is to minimise its exposure to reputational, compliance and financial risk, while accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognises that its appetite for risk varies according to the activity undertaken. Acceptance of risk is always subject to ensuring that potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

**Our appetite for risk**

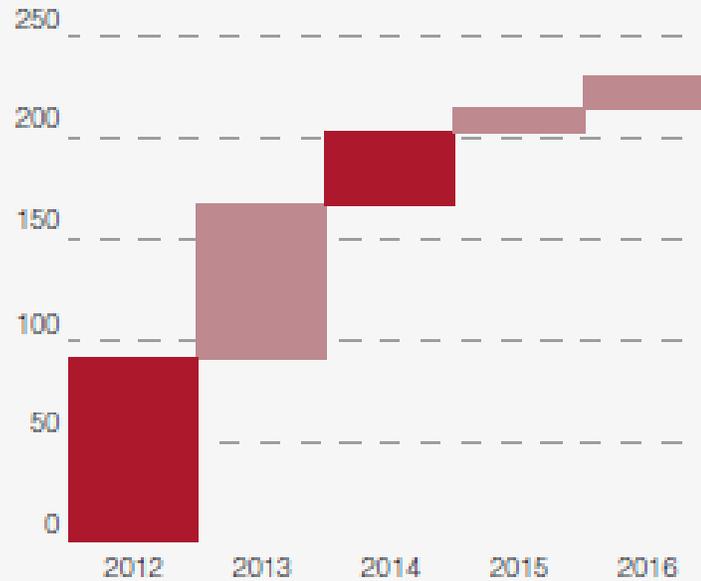


# Operational review

The University of Edinburgh's vision as a truly global university is to make a significant, sustainable and socially responsible contribution to the world. We discover, develop and share knowledge as a centre of academic excellence.

We are particularly proud of the University's prestigious Chancellor's Fellows Scheme which is aimed at early career academics who have already begun to establish a reputation for top-quality research. The Fellowships help these individuals develop their research to the highest international standards while progressively training them in teaching and student development skills. Fellowships are for five years and subject to a successful end of year three review. We expect that the majority of Chancellor's Fellows will transition to an open-ended lectureship.

Chancellor's Fellows - appointments



Since the scheme began, Chancellor's Fellows have applied for more than 450 grants as Principal Investigator (PI), and more than three times this total as Co-Investigator (Co-I). Between them, they have gained total grants of £31 million as PI and £47 million as Co-I. They have also secured £29

### **Social responsibility and sustainability**

The Edinburgh Centre for Carbon Innovation (ECCI) was the 2016 winner in the collaboration category of the Guardian Sustainable Business Awards. The collaboration award is given to projects that break down traditional barriers and involve several partners working together in

goals. We believe that the experience of being a student at the University of Edinburgh, from applicant to graduate, should prepare students for life beyond their studies and be the start of a lifelong relationship with us.

We were therefore disappointed with the results of the 2016 National Student Survey (NSS) which records final year undergraduate student feedback on their experience at UK higher education institutions. The University's results for overall satisfaction showed a drop from 84 per cent to 80 per cent reversing the upward trend from the previous year.

The student experience is a core strategic priority for the University, and we have put strong foundations in place to address the challenges that the NSS identifies. Over the last year we have

A balanced report also refers to bad news....



CHARACTERS



PREMISE

# WHAT'S YOUR STORY?



PLOT



HAPPY

ENDING

Thank you!