CECP’s 2017 Board of Boards
Strategic Investor Initiative

Long Term Business Plans: Suggested Company Presentation Guidelines

On February 27th 2017, CECP’s Strategic Investor Initiative (SII) is for the first time providing the opportunity for a select number of leading CEOs to present their long-term business plans to some 100+ long-term oriented institutional investors, representing $15 trillion in assets under management. There will only be one corporation presenting in each industry sector.

This document provides suggested guidance on how CEOs can structure their presentations to convey their long-term business plans. Each CEO/Investor discussion lasts 40 minutes – 35 minute CEO presentation, 5 minutes general Q&A.

Guidelines
In structuring your long-term business plan presentations we suggest considering the following questions.

Core Presentation Guidelines

- How do you view the eco-system in which you compete and how that might change?
- What is your long-term planning horizon and your long-term financial expectations?
- Who are your key stakeholders? How are risks relating to long-term value creation affecting these groups?
- How does the company assess risks, such as technological disruption or geopolitical events, over the long term?
- What are the most important social and/or environmental factors facing your company?
- What are the short-term building blocks required for long-term success?
- What are your long-term capital plans? What are your free cash flow plans in support of your short-term building blocks?
- How do governance and board composition fit into your long-term plans?
- How are your long-term strategies being supported by your Board of Directors and what is the review process for these plans?

Supplemental Information for Consideration

- How will your business model allow for innovation and productivity?
- What is your leadership succession process?
- How healthy is your corporate culture – and how is it assessed in delivering your long-term expectations?
- How is the company developing its talent (human capital)?
- What are the most appropriate financial metrics for your long-term success – e.g. cash flows, profits, cost of capital, performance relative to peers?
- How is long-term compensation linked to long term financial metrics, to long term initiatives and to short term building blocks?

Additional Information

In addition to working with Vanguard, Blackrock and State Street, the SII team is surveying over 2,000 institutional, long-term holders to better understand what they are looking for in long-term plans. We will share this information with presenters, alongside further presentation development support. Our objective is to refocus the traditional investor presentation from short-term events to those topics that support generating long-term value creation. For more information, please email Mark Tulay mtulay@cecp.co.
Sources

Short-Term Ecosystem

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- Harvard Business Review, Yes, Short-Termism Really Is A Problem…………………………………………. link

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- Ron O’Hanley, CEO, State Street Global Advisors, Letter on Board Independence and Long-Termism………. link

Company Examples

- GE 2015 Integrated Summary Report………………………………………………………………………………… link
- Dow 2015 Annual Report……………………………………………………………………………………………….. link
- Novartis, CEO Joseph Jimenez on Purpose……………………………………………………………………… link
- BlackRock Chairman’s Letter to Shareholders…………………………………………………………………….. link

Stakeholders & Materiality

- PwC, Investors, Corporates and ESG; Bridging the Gap……………………………………………………………. link
- Harvard Business School, Corporate Sustainability: First Evidence on Materiality…………………………….. link
- The Conference Board, The Business Case for Corporate Investment in Sustainable Practices…………………. link
- The UN Global Compact & Accenture Strategy, 2016 CEO Study: Agenda 2030…………………………… link

Long-Term Performance Metrics

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- Firms of Endearment, Raj Sisodia…………………………………………………………………………………………. link
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- CFA Institute, Environmental, Social and Governance (ESG) Survey, June 2015……………………………. link

Investor Perspective

- McKinsey & Co., Focusing Capital on the Long Term…………………………………………………………………… link
- MIT Sloan Management & BCG, Investing For a Sustainable Future…………………………………………… link
- BlackRock & Ceres, 21st Century Engagement…………………………………………………………………………. link

CEO Leadership / Succession / Remuneration

- Harvard Business Review, The Best Performing CEOs in the World…………………………………………….. link
- The Wall Street Journal, The Do’s and Don’ts of CEO Succession Planinng…………………………………… link
- Brookings Institute, Curbing Short-Termism in Corporate America, Focus on Executive Compensation………. link

Boards of Directors

- KPMG, Sharpening the Boards Focus on Long Term Performance……………………………………………….. link
- National Association of Corporate Directors (NACD), The Board and Long-Term Value Creation…………. link

3rd Party Initiatives

- FCLT (Focusing Capital on the Long Term)……………………………………………………………………………… link
- Commonsense Corporate Governance Principles…………………………………………………………………… link