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# How should your organization appear to your investors?



## The PRISM Investor Loyalty Scorecard<sup>®</sup> by Dr. Alexander Cassar & Michael Diegelmann

"Institutional investors attributed 72 percent of the information they regard as important to non-financial measures, compared with only 28% which are financial. Most frequently cited factors relate to people, such as management credibility and expertise, alignment of compensation with shareholder interests and ability to attract and retain talented people." (Source: PwC 2004). Good reason for companies to manage these factors in investor relations.

In order to manage you need to measure . . . and in order to measure you need to define!

This is why PRISM and cometis created the Investor Loyalty Scorecard. Its focus is to define and measure the soft factors that influence investor confidence and loyalty. It uncovers what a company is - or isn't - doing in investor relations.

The Scorecard provides the following output:

- Assessment of investor relations activities
- Performance and gap analysis based on public opinion
- Solutions and prescriptions for improving investor loyalty
- Basis for (re-)defining investor relations strategy
- Controlling and reporting tool for measuring improvements



This Scorecard is used by Investor Relations Officers:

- At the start of major change programmes (e.g. IPOs)
- To define or set strategic direction
- As a rapid health-check to prioritize expenditure

## The PRISM Investor Loyalty Scorecard®

The PRISM Investor Loyalty Scorecard® will highlight what motivates investor loyalty, how investors feel about the company they have invested their money in, and the perceived value of what their shares deliver. The Scorecard can help Investor Relations Officers (IROs) to better assess their Investor Relations activities and utilize the most effective tools that influence the investors' commitment - measured by external market feedback.

In collaboration  
with cometis AG



The results from the Scorecard address the gaps in the following categories which have been identified by cometis as best practice in investor relations.

- (1) **Shareholder Value Orientation:** Strategic outlook matters, corporate governance, share buy-backs, focus on value generating investments and products
- (2) **Management Acceptance:** Measuring leadership position and the abilities of the senior management team.
- (3) **Corporate Performance:** Financial metrics such as cash flow, sales & margin growth, cost of capital, return on invested capital (ROIC) which best describe your company's performance
- (4) **Reporting Habits:** The effectiveness of your Investor Relations tools and work.
- (5) **Market Information:** Sales and marketing data, business intelligence, competition data, customer and brand loyalty.

The process behind every PRISM Scorecard consists of a survey that can be conducted online, through an Intranet, or using self-completion mail. Approximately 60 to 65 agreement rating statements are selected from the PRISM Loyalty Guide™, depending on what is learned in preliminary qualitative research. The statements are evaluated for importance, and the reasons for a low rating. For analytical purposes, they are grouped into categories. To make the PRISM Scorecard's correlation/regression model work, about 70 respondents are needed.

To receive a free copy of our white paper or for a non-committal consultation please contact your local PRISM office or visit our web site.

