Long-term value (LTV), integrated reporting, the six capitals (financial, manufactured, social, human, intellectual and natural), expanded reporting and creating shared value are all concepts that are changing the way companies and investors consider the value of organizations. Although these concepts are all slightly different, they are all underpinned by the desire to measure a broader range of outcomes of an organization’s activities and subsequently value these measured outcomes.

The concept of outcomes measurement recognizes that in a complex world, organizations should have a better understanding of how they create value.

Executives are required to support discussions with investors, by explaining how their organizations are creating long-term value for all their stakeholders. However, there is still a disconnect between current reporting and the drivers of long-term value.

Outcomes measurement is shifting the view that value creation is only about generating financial returns from financial and manufactured (capital) inputs. It recognizes that other forms of capital such as social, human, intellectual and natural capital are critical to an organization’s long-term success, yet these are only partially, or not at all, visible in its financial accounts.

Since these forms of capital often remain invisible, the question arises whether companies, and their stakeholders, have the right information base to make decisions and mitigate risks that could affect their overall value creation.

EY member firms’ outcomes measurement services can support you as you set up, or seek to improve, the effectiveness of your measurement and management systems that account for intangible value.

Is your reporting as broad as the value you create?

The better the question. The better the answer. The better the world works.
Outcomes measurement matters

While the concept of outcomes measurement is not new, with origins linking back to the first use of logic models and theory of change frameworks in the US in the 1950s, the rapid growth in recent times has been driven by global trends.

- **The shape of value has changed**: globally, the majority of market value is now defined as “intangible value,” and corporate reporting should review traditional metrics and update or replace them with ones that can prove to investors that they are resilient organizations with a purposeful proposition.

- **Shifts in short-term to long-term**: it is no longer plausible to leave a gap between short-term commercial decision-making and its wider impacts on society.

- **Increasing consumer discernment**: consumers and regulators are punishing those who deplete social and environmental value more than ever.

- **Access to capital and impact investment**: investors are rewarding those who provide credible outcomes data on how they have not only considered sustainability risks but are actively growing their true value by strengthening human and natural resources underpinning their markets.

- **Value chain and market resilience**: there is an upward pull for companies to address the social and environmental issues that intersect with their business as they can be rewarded by stakeholder prosperity and new growth opportunities.

Where should you start?

There are actions you can take now to start your outcomes measurement journey. Today, an increasing number of businesses are moving toward an integrated vision of value creation, including the dimensions of shared value and externalities. In order to achieve an integrated view of their impacts, you should first be able to measure the shared value and externalities they create. More recently, companies have worked toward an environmental profit and loss (P&L), a social P&L or even “integrated P&L” statements in order to do so.

How can EY help

Outcomes measurement elevates traditional reporting. We can support your review of organizational operations, portfolios or specific programs. The focus is on the unique change being made. We can help identify the total value of social, environmental and economic impacts for your communities, employees, suppliers and wider stakeholders.

Our goal is to increase long-term sustainable value. To do this, our team brings rigour, discipline and evidence to your decision-making on what works, for whom and for how long. We can help you to mitigate negative impacts and deepen positive outcomes.

There are a bewildering array of outcome tools, standards and indices out there. We can help you to navigate these options and build an outcomes measurement system with the right depth and standardization to suit your work. At each stage we promote a principles-based approach that includes stakeholder involvement.

Certain services and tools may be restricted for EY clients and their affiliates to comply with applicable independence standards. Please ask your EY contact for further information.
### Strategy

**Direction**

**Identifying the long-term aims of your organization, project or investment**
- We can help you articulate aims with respect to the business case and operational decisions that may be affected.
- We can help you to define how you create value. With our support, an understanding of your unique or shared value contribution should emerge.
- We can help facilitate multi-stakeholder processes to review, refine and generate direction.

**Materiality**

**Translating your strategy into a map of outcome areas for testing**
- We can help identify the key impacts by examining the causal logic and magnitude of changes with your stakeholders.
- EY has a universe of outcomes that we can use to conceptually analyze your program.
- We can help you to classify and order the outcomes into a system for reporting.

### Measurement

**Our services**

**Helping you find the right method and metrics for your reporting**
- We can help you develop what you require whether a lean measurement plan, the answer to a specific question or a fully-fledged organizational reporting system.
- We can apply evidence-based scales and metrics. The design of your system may borrow or adhere to any of the following methods: “Multi-Criteria Analysis (MCA),” “Participatory Appraisal,” GRI G4 and Standards, IRIS, AA1000 standards, “Most Significant Change” or “Results-Based Accountability.”

**Helping you to show how valuable your changes are to stakeholders**
- By putting outcomes into financial proxies we can help you understand total costs, value and return. Valuation can also help determine whether you are tackling some of the most important issues facing society today.

### Evaluation

**EY can provide wider-ranging support to help your outcomes measurement capability to:**
- Provide a fit-for-purpose impact measurement system, reducing the data management burden and measuring what really matters
- Increase shared value by gaining clarity on your nonfinancial performance, bolstering your social license to operate and determining where you can really make a difference
- Tell the total story of your impact to stakeholders with evidence
- Identify environmental and social risks in your operations
- Present the ROI case to funders and investors for past and future initiatives
- Distinguish your reporting by leading on outcomes rather than outputs
- Evidence the long-term value you have created through preventative initiatives or avoided harm
About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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BMC Agency
GA 1005683
ED None.

Why EY

EY combines knowledge and experience in accounting standards with a deep understanding of social and environmental reporting and change strategies.

- We have helped businesses globally, in sectors as broad as mining to fresh produce to kick-start, execute and assure their broader value reporting.
- EY has been closely involved in helping develop definitions for both the Natural and Social Capital Protocols with the World Business Council for Sustainable Development (WBCSD).
- EY’s knowledge base includes the execution of advanced data analytics for large complex data sets.
- EY has in-depth experience in impact assessment especially in tools such as social return on Investment, life cycle assessments and input/output modeling.

We work closely with you to select the optimal mix of tools and engagement techniques to provide options that can be embedded into your future activities and provide effective recommendations for future program design and operations.

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