

NAME/TITLE

Tomorrow's Company: shaping the future of business success

<http://www.tomorrowcompany.com/>

Date commenced: 1996

Contributors, funders, political or ideological position

History

In 1993, the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) initiated a business-led inquiry into 'the role of business in a changing world'. The objective was to develop a shared vision of the company of tomorrow. The findings of the Inquiry, published in 1995, introduce the concept of an inclusive approach to business success in which a company:

- defines and communicates its purpose and values
- develops a unique success model
- places a positive value on each of its relationships
- works in partnership with stakeholders
- maintains a healthy reputation.

The Centre for Tomorrow's Company was founded in 1996 following the success of the Tomorrow's Company Inquiry, and in response to demand from businesses involved in the inquiry. The majority of our income continues to come from the membership subscriptions, donations and sponsorship by businesses that share our vision and work with us to shape our agenda and help realise our objectives.

ABOUT/KEY MESSAGES (in its own terms)

Tomorrow's Company is shaping the future of business success to build lasting value.

We are a London based global think tank delivering value for business leaders and owners by addressing the systemic and behavioural questions of the business world.

Our work informs company law, creates international frameworks and shapes today's business landscape in the UK and globally. We defined the inclusive duties of directors for the UK's Companies Act 2006; our work on financial markets informed the creation of the UN PRI; our thought leadership is at the heart of the UK Stewardship Code and of the integrated reporting movement; King III in South Africa acknowledges our influence.

For two decades we've worked with a wide range of people who share our view that companies succeed in the long-term when they serve the interests of employees and societies as well as their shareholders. We have been pioneers in examining what this means in practice with regard to issues from company law to climate change. Our success is attributable to the relationships we have forged with members, partners, friends and supporters.

Does this initiative offer any compelling narrative for business leaders in particular, i.e. about the purpose and role of business and financial institutions, about values and ethics, about the relationship between business and society?

We believe business can be, and must be, a force for good; and we believe the challenges the world faces are best served through harnessing business' innovation, creativity and

resources. Our solutions are by business for business, built on deep relationships with business leaders, government, opinion formers and the media. Tomorrow's Company distils emerging issues, convenes the discussion, enlists business leaders and owners, and harnesses business resources to shape the strategies that will deliver current and future success.

We bring people together focussing around business critical issues to create new insights and solutions which add business value, recognising that business success is integrally linked to long-term relationships with all stakeholders, recognising the inter-dependency and opportunity of social, environmental and economic forces.

What does it take for the global company of the future to survive and prosper? It will

- play a larger and more proactive role in society
- be more engaged in public debate
- be recognised as a source of economic, social and environmental progress

It should work with governments, NGOs and others to create stronger frameworks of law and regulation for the world's markets.

WHAT QUESTIONS IS THIS INITIATIVE TRYING TO ANSWER?

[We deliver] value for business leaders and owners by addressing the systemic questions of the business world through the overarching themes of: leadership & talent; sustainability & models of business success and governance & stewardship.

WHAT PROBLEMS IS THIS INITIATIVE ADDRESSING/ATTEMPTING TO SOLVE?

Restoring the licence for business to operate today and for businesses to be successful tomorrow.

HOW DOES THIS INITIATIVE IMAGINE CAPITALISM WILL BE DIFFERENT IN THE FUTURE?

Triple context of sustainable value

- the natural environment
- the social and political system
- the global economy

WHAT RECOMMENDATIONS DOES THIS INITIATIVE MAKE FOR THE VARIOUS ACTORS

National governments/regulators

UK policymakers and regulators need to

- join up different departmental policies on stewardship
- clarify and strengthen regulations and codes on stewardship and fiduciary duty

Trading corporations/business leaders/collective business institutions

Companies and their boards need to seek out stewardship investors.

Stewardship is the active and responsible management of entrusted resources now and in the longer term, so as to hand them on in better condition.

Corporate reporting: Initiatives seeking to effect changes to corporate reporting tend to focus on specific issues around the content of reports rather than on the dynamics of the system as a whole. We need to focus on the overall architecture, culture and behaviours of those engaged in the corporate reporting system – and how they might play a role in changing it to meet the demands of a modern market ecosystem and the changing needs of society.

Investors: individuals and institutional

Investors (individuals, pension funds, insurance companies, fund managers) need to exercise their influence as owners to hold to account those to whom they entrust their savings.

Financial institutions

Capital markets can act in a way that promotes long term sustainability of companies but as they are structured today this is not being fully realised. There is a mismatch between the financial support the real economy needs and what the equity markets are delivering.

An agenda for change:

Principles for the structure of all forms of financial remuneration to better encourage sustainable outcomes:

- Alignment: to the interests of beneficiaries and to business strategy.
- Transparency: the basis on which an organisation's reward packages are structured and paid is publicly available and communicated in a way that is easily understood and analysed.
- Performance: linked to sustainable outcomes; a link between reward and performance.

The following support the achievement of these principles:

- Leadership: incentives operate within and are influenced by the culture of the organisation
- Knowledge: investors and their advisers are better educated in financial matters; participants in the equity markets share knowledge about the non-financial drivers of sustainable performance; analysis and investment appraisal take these non-financial factors into account.
- Metrics: creative use is made of existing metrics, the development of new metrics is hastened.
- Information: information flows through the system are better aligned with investor needs and time horizons, and provide a more balanced and holistic view of strategy, risk and performance.
- Regulation: regulators have set framework conditions that not only protect the interests of beneficiaries and the integrity of the system but also take into account issues affecting long-term sustainable outcomes.

International institutions

Does this initiative have anything to say about major medium to long term economic and social issues

- Supplies of the essentials of life: Food, Water, Housing, Energy and Transport
- Climate change, resource depletion, loss of biodiversity
- Population growth and demographic change
- Economic growth, innovation, employment, the distribution of income and wealth
- The governance of business and the financial system; public trust
- The respective roles of government and business
- The respective values of economic, social and environmental capital

Tomorrow's Company has published reports on

- climate change and the need to move to a low carbon economy
- inclusive development, and the role of business in tackling global poverty.

Publications referred to above

<http://www.tomorrowcompany.com/governance-stewardship-2>

Tomorrow's Capital Markets (June 2012)

Tomorrow's Corporate Reporting (April 2011)

2020 Stewardship: Improving the quality of investor stewardship (March 2012)

Tomorrow's Company: Stewardship Manifesto (June 2011)

Tomorrow's Company: why stewardship matters (June 2011)

Tomorrow's Owners: Stewardship of tomorrow's company (October 2008)

<http://www.tomorrowcompany.com/sustainability-models-of-business-success-2>

Tomorrow's Climate: beyond peak carbon (2009)

Tomorrow's Inclusive Development (2011)