Total Value.

Index

METHODOLOGY

Portland

Methodology.

The Total Value Index measures the value created by 45 leading companies with UK data across 9 sectors.

Portland's Total Value Index is the first to consider the value British business brings to society in totality by bringing together profit and purpose. It also offers a unique lens that has been shaped by and for the communications industry, by comparing the actual value created with the perceptions of that value amongst informed and influential audiences.

Below is an overview of our four-step methodology for building the Index.

Step 1: Designing the Total Value Index framework

The Index is designed the combine both profit and purpose-related measures to give the Total Value businesses generate.

Portland conducted a thorough phase of secondary desk research to explore the ways that organisations create value. We analysed the topics that achieved the greatest reach in the news and social media environment in the past year as well as reviewing the components of leading existing ESG, profit and purpose metrics currently published.

The following four 'pillars' of value were distilled and validated with the input of 16 senior business leaders.

- Producer – the goods and/or services that businesses create.
- Venture – the returns businesses generate for shareholders.
- Citizen – the externalities businesses create in society.
- Employer – how businesses create employment and treat their employees.

Step 2: Measuring Actual Total Value

Portland reviewed a broad range of publicly available data on value creation across the four pillars of value. The data sets were assessed according to a range of criteria, including:

- Complete: comparable data available for each industry sector of interest.
- Distinct: each data set as non-overlapping as much as possible.
- Repeatable: data published on an annual basis where possible.
- Credible: respectable and credible data sources only.

A total of 67 objective measures of actual value were isolated from official government sources and statistical sources such as the ONS. This was supplemented with company-level data to ensure that we had adequate coverage of the leading measures of value. To do so, we selected the five largest companies from each of our nine industry sectors with UK-specific public reporting that was comparable e.g. Annual Reports or UK sections of annual reports.

Below are three examples of the measures selected for each pillar:

	Example measure 1	**Example measure 2**	**Example measure 3**
Venture	1-year share price performance	Earnings Per Share 1 Year Growth Rate	Net profit margin
Producer	UK R&D spending	Queen's Award for Enterprise – Innovation category	Output per hour
Citizen	Total carbon emissions	Corporation tax paid	Corporate giving
Employer	Average weekly pay and bonus	Workforce diversity	Paid parental leave

Step 3: Measuring Perceived Total Value

Portland then assessed the extent to which an informed and influential audience was recognising the Total Value created by each sector.

A social listening methodology was used to capture naturally occurring conversations about the component aspects of value, as opposed to polling perceptions which tends to be subject to considerable sector-level bias and deliver much less granular direction.

To isolate relevant conversation, an advanced query based on selected key words and phrases from the actual value measures was used. We then filtered out the conversation of the most influential individuals, which included, among others, business leaders, the media, MPs, commentators, regulators and employees. Influence was calculated through a formula of those individuals with the highest number of followers, the largest amount of relevant comment and the largest amount of impact from their content e.g. replies and re-tweets.

The final Perceived Value score was calculated based on the total size of the conversation and weighted according to the emotional resonance of each topic. This was established through scoring a representative sample of mentions by the emotion attached to it, ranging from a strongly positive emotional mention to strongly negative.

Step 4: Indexing our data

The Total Value scores were calculated using a statistical algorithm. The basis for the statistical analysis was the distribution of scores from the mean, making the Total Value scores relative rather than absolute measures of value. So, a score of 50 implies a sector that is well above the rest of the sectors while a score of 1 implies the opposite.

When considering the Total Value of an individual organisation, the framework is designed to be adaptable to their specific context requirements, supplemented by further company-level Actual Value data and a bespoke approach used to identify and measure perceptions of their informed and influential audiences.

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