



# Corporate Performance Measurement

## RoE to CFROI<sup>®</sup> and everything in between

by Greg Collett

### Abstract

All corporate performance metrics are useful, some more than others. Measuring and comparing the performance of companies across sectors, borders and time is challenging and analysts can be misled due to the effects of leverage, asset age and life, accounting conventions and inflation. The presentation aims to explain various metrics and how they deal with these effects.

Returns, such as ROE, ROIC or CFROI<sup>®</sup> tend to mean revert over time due to competitive pressure or secular changes to industries. Mean reversion (fade) at some level is ultimately priced in to all stocks and begins beyond a short term explicit forecast. The presentation will discuss fade research which was conducted on a large database of live and inactive companies.

Was Warren Buffet right: Do wonderful companies remain "wonderful"? Corporate profitability is sticky and good companies tend to remain good companies while poor companies tend to remain where they are. Sustainable corporate turnarounds are difficult to execute and analysts/investors should be careful about overestimating the odds of success.



### About the Speaker

Greg studied Mechanical Engineering at Cape Town University and worked in the mining, automotive and steel industries in South Africa before moving to the UK in 1994. He completed a Masters in Organizational Change at Bradford University and worked in insurance before moving into corporate consulting.

Greg Collett is currently a Senior Director at Credit Suisse HOLT where he has been for the last 16 years. He is responsible for the Custom Solutions Group, a specialist team which works with fund managers to provide investment process. Greg is a member of the HOLT Management Committee which determines strategy and oversees the governance of HOLT. He is also on the CFROI Framework Committee which considers and approves all changes to the HOLT Model.

Greg is an active member of the CFA UK Society and is Chairman of the Ambassador Council. Outside interests include motivation, leadership, coaching/mentoring, health and personal fitness.

**Date:** Thursday, 21 September 2017

**Time:** 17:30 - 19:30

**Venue:** Mining Auditorium

### Enquiries

Mr Lameck Odada

Lecturer

Accounting, Economics and Finance

T: +264 61 207 2529

E: lodada@nust.na