

Dr. Schanz Consulting AG

Aligning Corporate Strategy and Communication

The revolution in corporate governance is in progress: Should we complain?

Discussion of Professor Thesmar's (HEC Paris) presentation

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Agenda

- **The relevance of the debate**
- **Key challenges of public company corporate governance**
- **Corporate governance and value creation: The case for private equity**
- **Facing activist investors: Get your strategy right and across**
- **The practitioner's experience**

The relevance of the debate

- **Corporate governance is no longer a specialist's topic confined to auditors and lawyers**
- **Broad public interest in the wake of a series of spectacular scandals of corporate malfeasance (Enron, Tyco etc.)**
- **Direct and indirect impact on a large number of employees through pension fund investments**

Key challenges of public company corporate governance

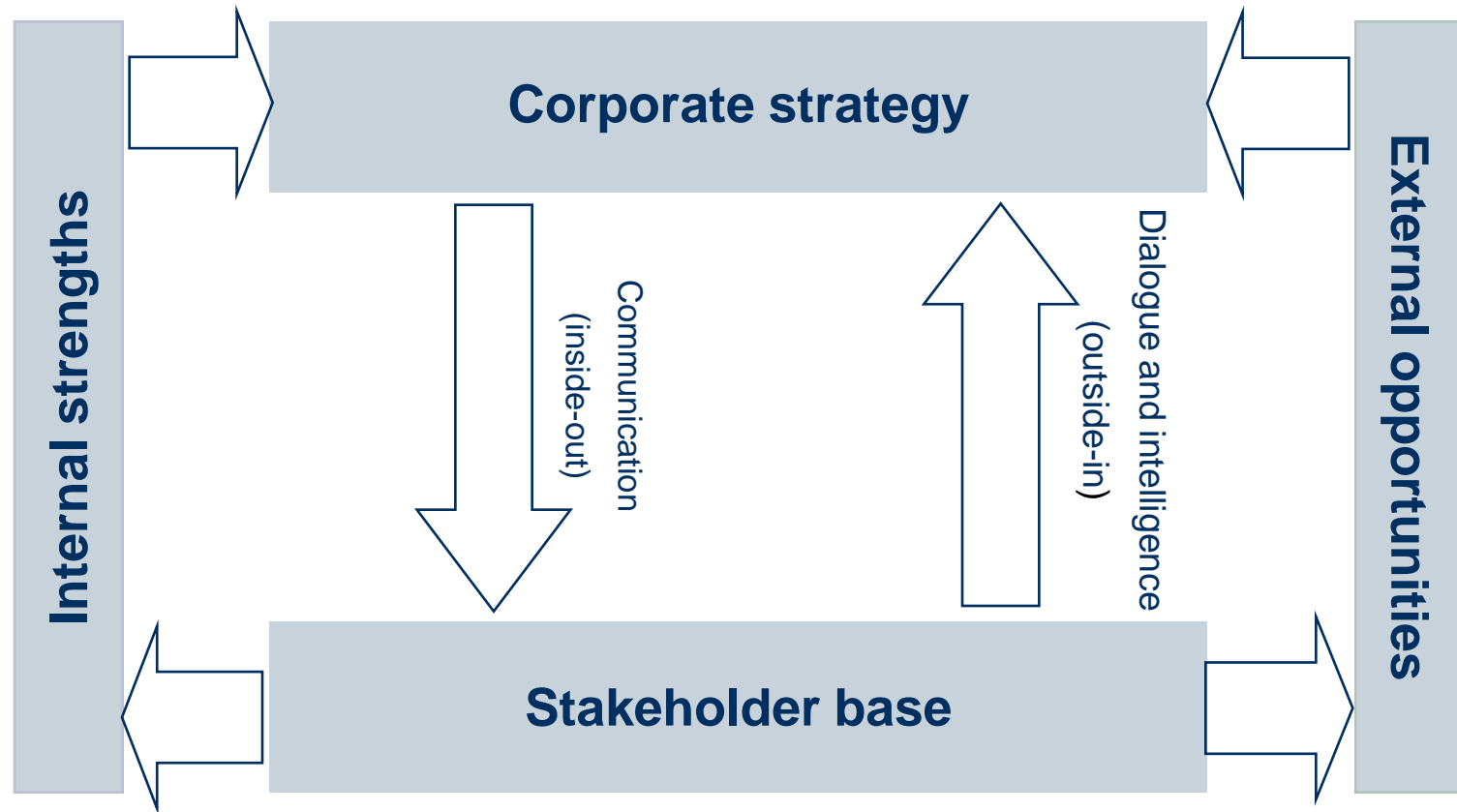
- **Establish an appropriate balance of power between shareholders, management, BoD and External Audit**
- **Build stakeholder confidence through transparency**
- **Address inherent conflict between shareholders and managers**
- **Who monitors compliance with governance standards?**
 - (Pension) Fund managers
 - Activist investors
 - Banks (via proxy voting)
 - Governments
 - Others

Corporate governance and value creation: The case for private equity

- **Effective incentive alignment between owners and managers: “governance engineering”**
- **Financial leverage strengthens management’s incentives to unlock value: “financial engineering”**
- **Operational support from private equity companies: “operational engineering”**

Activist investors: Get your strategy right and across

Enhance relevance and robustness of corporate strategy through stakeholder management



Source: Kai-Uwe Schanz

The practitioner's experience (Converium Ltd, 2004-2007)

- **Sarbox has changed the economics of remaining public versus going private**
- **Top-notch public company corporate governance does not necessarily translate into strong financial performance**
- **The role of activist investors: A mixed bag**

Contact

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