CEO ESSAY

Tackling Inequality by Boosting Opportunity

Roger W. Ferguson, Jr.
TIAA

Steve Odland
The Committee for Economic Development
Many things that drive innovation:

- Policy setting
- Institutions
- Economic conditions
2015 was a year of important progress for The Conference Board. This would not have been possible without the continued support of more than a thousand member organizations around the world and tens of thousands of senior executives who participated in our research and our programs. To each of you, my colleagues and I express our appreciation and thanks.

Perhaps the most important development this past year was our merger with The Committee for Economic Development (CED). CED is a highly respected think tank developing public policies in the nation’s interest, in areas that are critical to our members: economic growth and sustainable capitalism, education, health care, and equal opportunity. Founded during World War II by the primary authors of the Marshall Plan, CED has developed a reputation for rigorous analysis and robust thinking. Their completely non-partisan approach, informed by dialogue with senior executives, remains a hallmark for fact-based solutions and reasoned debate in a world which increasingly lacks both.

The Conference Board has a dual mission: to help our member organizations improve their performance and better serve society. The merger with CED helped to accelerate our spending on our societal mission, which exceeded US$10 million for the first time in 2015. Other highlights include our work on Project 8, designed to help plan for the basic needs of eight billion people in such areas as food, housing, energy, transportation, and the like. As always, we continue to publish important economic data—including the Consumer Confidence Index® and The Conference Board Help Wanted OnLine® Data Series (for US markets) and The Conference Board Leading Economic Index® (produced for each of the world’s major economies)—as a service to help the global economy operate more smoothly.

Our economics practice continues to develop as we help business leaders navigate the uncertain economic climate. Important new initiatives in 2015 include the introduction of a Big Data Working Group focused on the challenges and opportunities created by the massive collection and processing of consumer and business data. We also launched a multiyear project on the future of innovation, with the participation of our member companies, examining the barriers to innovation and approaches to best overcome them.

More than 1,000 senior executives in more than 40 Councils in all areas of human capital convened regularly in 2015 to privately discuss critical issues facing their companies and many thousands more joined in our public human capital conferences. We introduced seven new Councils in 2015, with demand so high in certain areas (e.g. women’s leadership) that a second Council was created. The human capital practice was also very active on the research front, delivering insights on cutting edge topics ranging from human capital analytics (supported by our new analytics research center in Singapore) to diversity and inclusion, among others.

Our corporate leadership practice was strengthened by our merger with the Society for New Communications Research, a leading research and education institution dedicated to the advanced study of how new and emerging communications tools and technologies are affecting business, media, health, law, culture, and society. Other new initiatives include the Directors’ Collective in India, designed to support best practices in corporate governance in

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that important emerging economy. The corporate leadership practice continued to publish regular short-form updates on corporate governance, philanthropy, and sustainability, to which more than 100,000 executives subscribe. More in-depth research focused on topics such as sustainability developments in China—increasingly important to the global environment—as well as reports on trends in corporate philanthropy, sustainable product development, and how corporations can bring together their philanthropy and diversity efforts most effectively.

In the area of policy, CED released a series of important reports that laid out policy prescriptions in areas of critical concern to the United States. These included a study of crony capitalism and its impact on trust, recommendations for how to adjust the current health care system to improve performance, the role of business in educational attainment, and the impact of child care policies on the economy. In each of these areas CED engaged in extensive outreach to the public and business community to facilitate discussions that can help to deepen understanding and lead to better national policies.

Our financial condition continued to improve in 2015. We generated a significant surplus for the first time since the financial crisis and directed the extra funds to strengthening our balance sheet. While we have more work to do, this past year marked a turning point as we have developed a much more robust financial model for our operations. Finally, our report concludes with a list of our Trustees, Global Counsellors, and Voting Members. Each group volunteers to play an important role in ensuring the sustainability of our organization, and for this we are deeply grateful.

Respectfully submitted,

Jonathan Spector
Chief Executive Officer
The Conference Board, Inc.
YEAR IN REVIEW

Societal Mission

The Conference Board operates with a unique mission: we equip the world’s leading corporations with the practical knowledge they need to improve their performance and better serve society. Our founders believed the first obligation of an enterprise was to build and sustain a successful business, which would, in turn, create employment and stimulate economic development. Today, our members also seek to contribute value to their communities in more specific and direct ways.

As part of our societal mission, we make a portion of our research available to the public on a complimentary basis, so that the public can benefit from our work. For our members, we offer a rich portfolio of activities focused on societal objectives including, but not limited to, sustainability, policy, and education.

Funding for these activities comes from our members, including organizations and individuals. On an annual basis, we report specifically to our members on the programs that support our societal mission (click here) for the 2015 Societal Report. Over the past five years, The Conference Board invested nearly US$38 million in societal initiatives, including more than US$10 million in 2015. These investments supported a wide range of activities, from the publishing of our economic indicators—which are influential in public policy circles worldwide—to our portfolio of reports, meetings, webcasts, and councils devoted to helping top companies meet their social obligations. In 2015, our societal efforts were expanded to include substantial work to develop policies in the areas of fiscal health, education, health care reform, women on boards, and sustainable capitalism. This significant increase in our investments stems from the merger between The Conference Board and the Committee for Economic Development (CED) in January 2015.

In 2015, The Demand Institute® (TDI), a non-advocacy, non-profit think tank jointly operated by The Conference Board and Nielsen, played a leading role in Project 8, a data collaboration platform built in partnership with the United Nations Foundation, the US Department of State, Accenture, and Salesforce.org. Project 8’s initial focus is on the U.N.’s Sustainable Development Goal #2—“Zero Hunger.” A prototype of the
Project 8 platform, supporting food security and agriculture data, was released at the September 2015 U.N. General Assembly meeting and is already being used by leading researchers across more than 40 global organizations. Other major initiatives in support of our societal mission stem from the work of our various centers, including the Governance Center, The Engagement Institute, and the China Center.

Our continued investment in societal programs reflects the critical role of corporations and informed citizens in addressing the world’s pressing challenges.
Economy & Business Environment

Our Economy & Business Environment practice provides timely analysis and insights to help executives foresee market trends and manage their organizations successfully in a complex global environment.

The Conference Board produces several regular barometers of consumer and business confidence, including the widely tracked monthly Consumer Confidence Index®. Under Global Chief Economist Bart van Ark, a team of experts oversees a broad portfolio of economic indicators each month, a quarterly global economic outlook, and a deep roster of research projects on the economic context around key business issues. Our indexes, forecasts, and projections help policymakers and practitioners understand and anticipate economic shifts and developments that have a significant impact on business and society.

The Conference Board’s leading economic indicators program offers critical monthly intelligence on 12 countries and the Euro Area, which together represent more than two-thirds of global GDP. The Global Economic Outlook covers 55 of the largest economies in the world. Last year, our economic data was cited more than 56,000 times in the global media.

Throughout 2015, we continued to produce key indicators of labor demand, including The Conference Board Employment Trends Index™—a composite index of eight labor market indicators from different sources, each of which has proven accurate in its own area—and The Conference Board Help-Wanted Online Data Series®, which examines online labor demand in the U.S. by providing detailed data on local, state, and regional demand.

The Demand Institute® (TDI), a non-advocacy, non-profit think tank jointly operated by The Conference Board and Nielsen, continued to examine the rapid evolution of global consumer demand. Significant research released by TDI included Hispanics & Home Ownership: Closing the Gap and No More Tiers: Navigating the Future of Consumer Demand across China’s Cities.

Our International Labor Comparisons (ILC) program continues to provide data that enables business leaders, academic researchers, and policy makers to measure competitiveness across 38 leading countries. ILC databases are publicly available and offer detailed insight into such national factors as employment rates, wages, productivity, and
consumer prices. Using this data, users can assess the relative health of labor markets worldwide and address key business and societal questions in a global context.

The Conference Board Total Economy Database™ (TED) features international comparisons of the trends and sources of economic growth and productivity. TED is publicly available and includes data for over 120 countries on labor productivity, gross domestic product, employment, hours worked, and the composition of labor by skill level. Our annual Productivity Brief analyzes recent productivity and GDP growth trends globally and for seven key regions. Using TED, the business, academic, and policy communities can gain a better understanding of relative competitiveness and efficiency across countries. Projections of global economic growth are available for the most recent year and can be used to shape business strategy and public policy.

The Conference Board China Center provides timely economic data and business insights to senior executives of member companies with a significant strategic interest in China. The China Center’s 40 members represent leading companies doing business in the region. Insights are informed by pioneering local economic and business research, formulated by our thought leaders in China and around the world, and delivered through exclusive events, publications, and peer-group CEO Council sessions.

Last year also marked the official launch of The Conference Board’s Future of Innovation research project. More than a dozen leaders from major companies met at 3M to discuss strategies for addressing barriers to innovation and the challenge of measuring innovation.

Throughout the year, the practice also convened senior executives on a range of relevant topics. The Conference Board Global Advisory Council met quarterly, convening approximately 25 business leaders from around the world to share perspectives on the global economy. Discussions focused on global growth scenarios for 2016 and beyond, and productivity as a driver of growth competitiveness and profitability.

We also hosted a series of briefings for chief executives in Frankfurt, Paris, Zurich, and Stockholm. At these gatherings, David Hoffman, Vice President and Managing Director of the China Center, examined the effects of China’s extended growth slowdown on multinational companies, while Global Chief Economist Bart van Ark detailed the
wider implications for the world economy. The meetings were co-hosted by Juergen Tinggren, Member of the Board of Directors, Schindler Holding Ltd, and a trustee of The Conference Board; Denis Kessler, CEO of SCOR; and Josef Ackermann, former Chairman of the Management Board and Group Executive Committee, Deutsche Bank and Vice Chairman of the Board of Trustees, The Conference Board.

Members of The Conference Board’s newly formed Big Data Working Group, co-founded with the Boston Consulting Group, and attendees of the Big Data Seminar learned how to navigate the big data landscape from such experts as Matt Turck of First Mark Capital and Professor Claudia Perlich of NYU. While embracing the new levels of intelligence and rigor made possible by data and technology, our programs in 2015 also reflected executives’ growing realization that narrative is key to engaging consumers, inspiring employees, and standing out from competitors in a globalized, digitized marketplace. Shane Meeker, corporate historian and storyteller at P&G, shared insights to this end with senior executives at The Conference Board Storytelling for Business Seminars.

In sum, 2015 saw more than 800 senior executives participate in 41 councils focused on a wide range of topics related to the Economy & Business Environment. The knowledge shared in these peer forums is already shaping the wider discourse in these areas. For example, based on discussions among its participants, The Conference Board Purchasing and Supply Leadership Council has determined supply chain financing to be a legitimate and effective tool for reducing the cost of capital. With the goal of improving service while reducing costs, the group is now looking closely at Vested®, an innovative collaborative business model based on award-winning research conducted by the University of Tennessee College of Business Administration and funded by the US Air Force.

Rounding out the year, our Economy & Business Environment Blog continued to feature insights and analysis on trending economic issues from The Conference Board’s senior thought leaders. Among other topics, individual posts addressed weak inflation, the tightening labor market, falling oil prices, the slowdown in productivity growth, and wage growth. Likewise, the Insight Minute video series featured our economists distilling complex data and trends into relevant takeaways for business leaders.
Economy & Business Environment 2015 HIGHLIGHTS

Last year, our economic data was cited more than 56,000 times in the global media. Our economists appeared on Bloomberg Radio 36 times, providing commentary and insights on the latest economic and breaking news reports. Steve Odland, President and CEO, The Committee for Economic Development of The Conference Board, is a regular contributor on CNBC, appearing on a monthly basis to comment on the latest business news developments.

More than 800 executives participated in The Conference Board’s 41 councils focused on issues related to the economy and business environment.

We introduced three new councils in the Economy & Business Environment practice, including the Applied Innovation Council, the Emerging Shared Services Council, and the Big Data Working Group.

More than 2,100 executives attended our 31 conferences, seminars, and workshops on the economy and business environment. Topics covered strategic planning, supply chain strategy, growth, innovation, organization design, the economy, and labor markets.

The Conference Board China Center, now totaling 40 members, includes leading companies with a significant strategic interest in the region. Members receive exclusive access to the full array of our knowledge, including our China Center service portfolio and a wide range of global products and services.
Human Capital

Our Human Capital practice, led by Rebecca Ray, Executive Vice President, provides leaders with trusted insights and tools to help them effectively address the challenges they face as they seek to find, develop, engage, and retain employees. According to The Conference Board CEO Challenge® 2016—our annual survey of chief executives’ most pressing business challenges and their strategies to mitigate them—human capital continues to loom large in C-suites across the world. Attracting and retaining top talent globally is CEOs’ most cited concern, followed by the need to develop next-generation leaders.

With this in mind, we continued to expand our human capital research offerings in 2015, starting with a series of reports on employee engagement. Most employers recognize that engaged employees produce more and stay longer in an organization that treats them well, listens to their needs, and helps them develop. In The DNA of Engagement: How Organizations Create and Sustain Highly Engaging Cultures, our researchers identified over 20 traits linked to building a highly engaged workforce. The report also includes profiles of ten major companies with highly engaged employees. The study was conducted by The Engagement Institute™, which was launched in October 2013 by The Conference Board, Deloitte Consulting LLP, and Sirota as a research community of practice comprising over 120 organizations.

We also produced a series of reports and webcasts that examined all facets of diversity and inclusion (D&I). Diversity on Corporate Boards: How Much Difference Does “Difference” Make? reviewed the case for board diversity in light of conflicting research findings, and suggested strategies to promote more inclusive boards. Another major research report, Do Ask, Do Tell: Encouraging Employees with Disabilities to Self-Identify, addressed new regulations that require large government contractors to invite every job applicant, new hire, and current employee in the United States to indicate whether they have a disability. In light of this mandate, our report investigated what leading companies are doing to build inclusive cultures where employees feel comfortable self-identifying their disability status.
Our 2015 D&I webcasts spanned from Human Capital Watch: Moving the Needle: The Past, Present, and Future of D&I, a wide-ranging overview of the field, to more specialized offerings like Diversity Managers: Angels of Mercy or Barbarians at the Gate, which offered advice and best practices for human resource professionals seeking to identify the strategic benefits and limitations of their organization’s diversity strategies. The Subtle Impact of Exclusion: Overcoming Unconscious Bias reviewed the easily overlooked workplace behaviors that can hinder collaboration and undermine diversity efforts and the business impact of inclusion.

Recent advances in human capital analytics (HCA) have allowed innovative organizations to leverage real-time workplace data into significant competitive advantages. Yet the same analysis can easily be perceived as “spying” on employees, eroding trust and undermining any gains achieved in efficiency and engagement. Our 2015 report, Big Data Doesn’t Mean ‘Big Brother’: Employee Trust and the Next Generation of Human Capital Analytics, offered a comprehensive guide to balancing the promise and pitfalls of cutting-edge HCA. It built on a decade of our hosting human capital analytics conferences, which have furthered the field in companies across the US. Popular topics at the 2015 conference included: building trust as an enabler of HCA; ensuring data integrity; benchmarking; making the best technology, data, and analytics choices; and workforce reporting that includes contingent and contract workers.

Technological advances, globalization, retiring baby boomers, and increasing talent shortages are forcing organizations to invest in ongoing reskilling and upskilling programs to become more agile. Our researchers have found that future-skilling programs are most successful when talent processes are integrated and aligned to specific business goals—rather than separated into recruitment, training, and compensation silos. Our report, Future-Skilling Your Workforce: Leveraging People Strategies for Developing Future Capabilities detailed how to integrate these three components, with assessment guides and case studies from several leading companies.

In 2015, The Conference Board held 36 conferences and seminars focused exclusively on human capital issues. Next year marks the twentieth anniversary of our annual Diversity and Inclusion Conference. In 2015, the conference focused on emerging questions
such as how to create a high-performing organization through a strategically focused D&I practice and how to develop and implement successful global D&I initiatives. The Advancing Women in Leadership Conference examined the progression and advancement of women onto boards and into senior executive roles, while 2015’s Leadership Development Conference focused on succession planning, what it means to be a global leader, and strategies to accelerate high potential leaders.

Each year, The Conference Board’s Employee Healthcare Conferences convene top employers and industry leaders to share case studies, best practices, and practical next steps to help companies define, achieve, and sustain a high-performance healthcare program now and in the years ahead. In 2015, more than 1,700 participants learned about the latest issues affecting health care including regulatory, legal, and political developments; voluntary benefits; technology; and retiree medical coverage.

For our members who want to delve further into an issue, councils offer a collaborative peer-to-peer community of executives who come together in groups, by region and function, to problem-solve critical issues and share best practices. Last year, more than 1,000 human capital executives participated in 58 councils on areas ranging from employee engagement to talent management, leadership development, employee benefits, strategic workforce planning, and more.

Finally, The Human Capital Exchange™—our “one-stop” web portal resource for human capital professionals around the world—continued to feature the latest in global human capital research, data and analysis, and thought leadership across the entire human capital spectrum.

**Human Capital 2015 HIGHLIGHTS**

More than 1,000 executives participated in The Conference Board’s 58 councils covering all areas of human capital.


Our 36 human capital conferences, seminars, and workshops convened more than 3,800 executives in 2015. Participants discussed the latest developments in employee engagement, healthcare, diversity and inclusion, leadership development, talent management, and strategic workforce planning.

More than 1,700 participants attended The Conference Board’s annual Employee Healthcare Conference, a major event now in its 15th year. Attendees learned about the latest regulatory, legal and political developments, voluntary benefits, and the latest in technology and retiree medical coverage.

The Engagement Institute’s 125 members, representing leading companies, academia, and government, continued to shape the thinking and advance the global understanding of engagement and its impact to successfully drive business performance.
Corporate Leadership

Our Corporate Leadership practice, under the leadership of Managing Director Matteo Tonello, guides members on a wide range of governance, philanthropy, risk, and sustainability issues.

In 2015, one of the most noteworthy developments in the practice was the introduction of a portfolio of research on corporate communications and marketing. Today, our members have access to a full array of research, case studies, journals, and blogs, due to the merger between The Conference Board and the Society for New Communications Research (SNCR), effective December 2015. Most importantly, members in the communications and PR fields are able to draw on the expertise of SNCR Fellows — a global network of futurists, analysts, scholars, business leaders, marketers, technologists, and media representatives from around the globe exploring the latest developments in digital, mobile, and social media.

In addition to the activities and research conducted under the auspices of The Conference Board Governance Center® and described below, we launched The Directors’ Collective™ in India, followed by the release of a major handbook for directors, general counsels, and company secretaries working to adapt to rapid developments in regulatory and corporate practice in the wake of India’s adoption of The Companies Act 2013. The most comprehensive and up-to-date reference tool of its kind, the Handbook on Corporate Governance in India: Legal Standards and Board Practices, reviews all the legal and regulatory standards applicable to today’s corporate boards, from their composition to their activities. It places recently introduced legal requirements in the context of India’s unique business-ownership structures and its history of corporate governance reforms.

In corporate philanthropy research, we released Communicating Social Impact, a research working group report that examines best practices in the dissemination of content derived from a company’s community and environmental efforts. Through our Giving Thoughts blog and online publication series, we covered trends in social impact bonds, corporate-nonprofit partnerships for data collection, and flagship community programs. Finally, Better Together: Why a United Front Can Propel Corporate Philanthropy and
Diversity and Inclusion in the United States, examines what companies are doing to ensure their corporate philanthropy and diversity and inclusion strategies are mutually beneficial.

In corporate sustainability research, 2015 marked the second update to the Sustainability Practices Dashboard. The dashboard is a web-based intelligence tool that builds on a set of benchmarking reports first introduced in 2012 to assist companies in the peer comparison of their disclosure and performance across a wide variety of environmental, social, and governance practices. The update to the dashboard introduced historical comparisons that enable users to identify important trends in corporate sustainability disclosure and performance.

In addition to expanded sustainability benchmarking, we also released two major reports. The first, China Wants to Go Green: Sustainability Imperatives for Multinationals, assesses regulation changes in China and what companies can expect, sustainability reporting gaps among Fortune 500 companies, and changing sentiment on the state of the environment in China. The second report, Driving Revenue Growth through Sustainable Products and Services, is an analysis of the contribution of corporate sustainability initiatives to company revenue, growth, and innovation. This report was released in collaboration with the Investor Responsibility Research Center Institute and was made available to the public at no cost.

As your partner in navigating an increasingly complex landscape, we recognize that the best ideas often come from peers who are wrestling with the same challenges. Last year, more than 900 executives participated in our 43 councils, exploring all facets of corporate leadership. For example, members of our corporate philanthropy councils convened to examine issues such as responsible leadership, housing/homelessness, STEM education, mindfulness, social impact investing, and corporate philanthropy in Europe with a focus on immigration. Prominent speakers included Prime Minister David Cameron’s private secretary and speechwriter Tim Kiddell, and former US Presidential Adviser Van Jones. Our four sustainability-related councils focused on themes such as energy and human rights, the circular economy, product innovation and growth, and managing “scope creep” in the regulatory landscape.
Speakers at these councils included Mark Tercek, CEO of The Nature Conservancy, and Gerard M. Anderson, chairman and CEO, DTE Energy Company.

Members of the Chief Legal Officers Council continued to examine the changing nature of the general counsel role in an increasingly dynamic business environment. Former Senate Majority Leader George Mitchell, former US Ambassador to Pakistan Cameron Munter, and former Walmart CEO William Simon addressed the council. The CFO Council: Fortune 250 focused on issues such as megatrends, political risk in emerging markets, energy pricing, and data analytics. Gary Gensler, the CFO of the Hillary Clinton campaign and the former chairman of the Commodities Futures Trading Commission, was among the speakers.

Last year also marked the launch of a new Government Relations Executives Council, focused on issues such as cybersecurity policy, income inequality, and the impact of social media on policy and policy makers. Featured speakers included former White House Press Secretary Joe Lockhart and former Young and Rubicam Chairman and CEO Peter Georgescu.

The practice also hosted several corporate philanthropy conferences in 2015. The Business Community Impact Symposium focused on the UN Sustainable Development Goals, social entrepreneurship, and urban renewal in Detroit. The Strategic Community Impact Symposium looked at employee volunteering, online giving and connecting, employee engagement and human resources, and different approaches to corporate philanthropy. Our Sustainability Summit focused on market and investor perspectives for sustainable operations, ethical practices and supply chain management, and climate change. The Global Integrity, Risk & Reputation conference explored themes at the intersection of risk and ethics and compliance, including trust in business, reputation risk, organizational resilience, big data, and cyber risk.

The Conference Board Governance Center continued to facilitate small groups of prominent senior executives from companies, investors, and advisers for confidential discussions of key issues. For nearly 25 years, the Center has been committed to helping corporations enhance their governance processes, inspire market confidence, and facilitate capital formation—goals that have never been more essential than in today’s
fraught regulatory environment and globally competitive marketplace. The Center spearheaded research that focused on whether short-term performance may come at the expense of sustainable value creation. The report *Is Short-Term Behavior Jeopardizing the Future Prosperity of Business?* asked business leaders to examine whether current governance structures are jeopardizing long-term performance and consider making adjustments accordingly. The work of the Governance Center is made possible through the continued generous support and thought leadership of its 36 members.

Partnering with the Committee on Economic Development, the practice also held a joint one-day seminar in Washington D.C. on cyber security. The meeting focused on incident response and crisis management planning, threat intelligence and information sharing, and cyber risk. The seminar featured research from the *Emerging Practices in Cyber Risk Governance* report. We also held a one-day seminar on making mindfulness relevant for business, featuring speakers from SAP, Ford Motor Company, and Harvard Pilgrim Health.

**Corporate Leadership 2015 HIGHLIGHTS**

The Conference Board merged with the Society for New Communications Research, a leading research and education institution dedicated to the advanced study of how new and emerging communications tools and technologies are affecting business, media, health, law, culture, and society.

We launched The Directors’ Collective, a new collaboration designed to guide corporate directors in carrying out governance and compliance responsibilities in India. The Collective brings together the independent research and thought leadership of The Conference Board with the subject matter and global expertise of professional services firm KPMG, executive search firm Russell Reynolds Associates, and law firm Khaitan & Co.

More than 900 executives participated in The Conference Board’s 43 councils covering all facets of corporate leadership.

We introduced four new councils in this practice area, including the Government Relations Executives Council, Tax Executives Council, Controllers Council, and the Chief Information Security Officers Council.

The Conference Board hosted eight conferences on a wide range of corporate leadership topics, including sustainability, corporate philanthropy, community impact, risk and reputation, and cyber security.

Throughout 2015, The Conference Board Governance Center continued to facilitate small groups of prominent senior executives from companies, investors, and advisers for confidential discussions of key issues. For nearly 25 years, the Center has been committed to helping corporations enhance their governance processes, inspire market confidence, and facilitate capital formation. The work of the Governance Center is made possible through the continued support and thought leadership of its 36 members.
Policy

On January 1, 2015, The Conference Board and the Committee for Economic Development (CED) announced their merger, joining two of the longest standing and most respected non-profit, non-partisan voices in US and global business and policy. For more than 70 years, CED has pursued policy making in the nation’s interest, bringing the best of business experience and sound analysis to bear on the country’s most pressing economic and social concerns. Today, its work centers on issues such as sustainable capitalism, fiscal health, education, global competitiveness, and democratic institutions.

In 2015, CED released *Crony Capitalism: Unhealthy Relations between Business and Government*. The study examined the growing public perception of corruption in America through three separate trends: a rise in the size and scope of government, increased campaign costs, and the growing power of lobbying. CED members from various industries participated in its Sustainable Capitalism Subcommittee which released the report. CED also held events across the country to strengthen the integrity of state courts and contributed to the passage of reforms that increased government transparency and accountability.

CED’s paper on improving the US health system, *Adjusting the Prescription: Committee for Economic Development Recommendations for Health Care Reform*, describes how long-term improvement in quality, affordability, and access requires the right balance between the roles of government and the market. The recommendations are geared toward amending the Affordable Care Act to improve the US healthcare system at large. If enacted, they would promote a more market-driven system based on private-sector competition and cost-conscious consumer choice. The report is a follow-up to CED’s 2007 publication, *Quality, Affordable Health Care for All: Moving Beyond the Employer-Based Health-Insurance System*. 
Improving education continues to be a focus of CED’s work. Today, US companies face unprecedented competition from abroad and an economy that puts a growing premium on knowledge. CED’s research report, *The Role of Business in Promoting Educational Attainment: A National Imperative*, examined how employers in select metropolitan areas are supporting their employees in advancing postsecondary education and identifies barriers to those efforts. Findings are based on focus groups and interviews conducted with representatives from small, family-owned firms and global Fortune 500 companies. The report was produced as part of Lumina Foundation’s Goal 2025 effort to increase the proportion of Americans with high-quality degrees, certificates, and other credentials to 60 percent by 2025.

CED’s report *Child Care in State Economies* examined the child care industry’s effect on parents’ participation in the labor force and provides extensive details regarding the industry’s state economic impact, including usage rates, the role of public funding, revenues, and business structure.

In 2015, CED hosted its bi-annual policy conferences in Washington D.C. These two-day events convene national thought leaders from the business, policy, and academic sectors. Participants discuss issues at the forefront of US economic and educational priorities. These conferences are held twice yearly in order to address important economic issues and advance reasoned solutions from business in the nation’s interest.
ANNUAL ESSAY

Tackling Inequality by Boosting Opportunity

ROGER W. FERGUSON, JR.
President & CEO, TIAA

STEVE ODLAND
President & CEO
The Committee for Economic Development
Increasing disparities in income and wealth may threaten the sustainability of capitalism. We as business leaders need to champion ways to improve equality of opportunity and help ease the hostility of the public debate, or we risk losing support for America’s unique form of free market enterprise.

There’s no getting around it: some inequality is integral to all economic systems. Individuals differ in their abilities and endowments. Investors and innovators who take risks, bring successful ideas to fruition, and create jobs for others are and should be rewarded. Over the long run, free market capitalism has fueled prosperity and growth in living standards, and it is the only known pathway to enduring growth.

But capitalism can be maintained only if its benefits are widely shared. Its rewards should accrue to the broader constituencies of customers, employees, and communities in addition to owners. Today, that accrual isn’t happening broadly enough. Inequality has escalated to levels at or near those of the 1930s, which were the highest on record.

Some of the increased inequality we’ve seen over the past few decades is the result of highly successful innovations and investments that have yielded high returns for a small number of innovators and investors. However, some of today’s inequality comes from lagging income growth for working Americans. Many individuals and households have not recovered fully from the financial crisis of 2008. And too many Americans today believe they have no realistic chance of success. Disappointed by their own economic circumstances and fearing diminished prospects for their children, some Americans question the free market system and fear that it has been manipulated to their disadvantage. Lagging income growth causes concern and raises questions about the fairness and, in some quarters, even the desirability of our capitalist system.

How do we best address this concern? Certainly not by trying to enforce equality of outcomes; economic systems that have tried to do this have failed. They not only failed to deliver widespread prosperity but also generated their own inequality and waste through economic manipulation and corruption. It is generally understood that trying to create equal outcomes by significantly curtailing returns for successful investments and risk of capital won’t work either; it could lead to a scenario in which investors in today’s open, global economy pursue their ideas and create jobs outside the United States. It could also have a chilling effect on innovation.

Rather, our society’s primary objective should be equality of opportunity that reduces inequality of outcomes. The economy must lift the bottom, not compress the top. Until we achieve equality of opportunity, we must provide a safety net to ease the current inequality of outcomes that often creates inequality of opportunity, which is then carried on into succeeding generations. We must provide an exit path from this cycle.
We should measure our success by the extent to which Americans can support themselves through their own work or entrepreneurship. While income assistance programs may be a permanent necessity, income derived from individual labor, investments, or savings represents production, self-sufficiency, and security in a way that income derived from dependency on other sources does not. We should strive to move people from dependency to self-sufficiency.

Business can and should take a leadership role in easing the hostility in the inequality debate. It is in the best interests of businesses to provide rewarding employment. Loyalty and a strong sense of shared purpose yield the best business results. Short-term savings at the expense of workers might bring a temporary uptick in profits, but it won’t bring long-term sustainable performance. Executive compensation systems should be geared to reward senior management for creating long-term and sustainable business outcomes, with a lessened focus on “short-termism.” At the same time, failing to respond to globalization does not save domestic jobs, but rather puts all of a US firm’s jobs in jeopardy. The “social contract” should be refreshed to restore a broad consensus about the value of our free enterprise system; this contract should reconcile the concurrent needs to compete in global markets and grow at home.

As we see it, the path forward is to encourage public policies that equalize opportunity. Four policy measures in particular seem paramount: (1) improve public education to equalize future opportunity, (2) reform the health care system, (3) reform the tax system; and (4) seek balanced regulation.

Improving educational outcomes is the surest path to equalizing opportunity, increasing productivity growth, and raising incomes. As a nation, we should expand access to quality early childhood learning, especially for at-risk children. We need increased quality-focused accreditation, qualified teachers, performance measurement, and accountability for results. Availability of care and education will facilitate work for low-wage parents, thus easing inequality. Enhancing K-12 performance through high educational standards will ready students for college and their careers, as will broadening postsecondary access, especially for students from low- and middle-income families and for older “unconventional students” who have not completed degrees but have begun careers. Less expensive, competency-based alternatives to the traditional “seat-time” approach to awarding college degrees, certifications, etc. will also broaden opportunities.

As these educational opportunities increasingly offer opportunities for productive labor, we must be sure that labor is sufficiently compensated. Currently many states and localities are debating the desirability of raising the minimum wage. It is important to recognize a major lesson of economics: wages must at least approximate worker productivity in order to be sustainable. Businesses and workers together need to leverage opportunities to make all workers more productive. Increased productivity is the bedrock for both increasing compensation and increasing societal well-being overall.
As a society, we must continue to reform the health care system. Health care costs have been increasing at a rate faster than overall inflation. Having a large and rapidly growing proportion of national wealth dedicated to health care expenses risks crowding out other productive investments that businesses and society overall might wish to make. We need to inject competition into the health care system to raise quality and lower costs.

We need a constructive public dialogue to reform our current tax system. Tax reform that eliminates special tax breaks and encourages savings and investment should enhance economic growth and opportunity and cover the cost of operating government.

Another prime challenge is regulatory overload. At the federal, state, and local levels, many US firms, both small and large, are subject to regulation. We understand that a well-ordered free-market system requires prudent regulation.

The challenge is to create regulations that foster innovation while protecting the interests of society at large, which include fair competition, health, and safety. New regulations should be allowed to move forward if overall benefits outweigh costs. Existing regulations should be reviewed on a regular basis to ensure their continued value and relevance. Avoiding the extremes of unfettered competition and stifling regulation should allow our society to achieve growth while maintaining the trust of our citizenry.

Without true opportunity, the ills of inequality, low productivity growth, and economic stagnation remain—leading to cynicism and despair. The society that is left is unsatisfying even to those who succeed. Success itself is in jeopardy as the workforce atrophies, the markets for products and services slowly migrate elsewhere, and society begins to question the viability of capitalism itself.

Current economic and political conditions could risk leading the United States to adopt extreme and ill-considered public policies. The stakes are high. We advocate economic growth through equalizing opportunity by equipping people with the tools they need to achieve success now rather than attempting to equalize outcomes after the fact.

Equalizing opportunity and building a more dynamic, productive, and vibrant economy will raise every member of our society. The public debate over inequality should pull our nation together, not tear it apart. We call on business leaders and all Americans to unite in this challenge of seeking equality of opportunity and prosperity for all.
The Conference Board changed its fiscal year (previously July 1–June 30) to match the calendar year (January 1–December 31), effective January 1, 2015. This change resulted in a partial period presentation of financial performance for the six months ended December 31, 2014. The financial presentation herein reflects operating results for comparable twelve month periods ended June 30, 2014 (“2014”) and December 31, 2015 (“2015”). Additionally, on January 1, 2015, The Conference Board merged with The Committee for Economic Development (CED), which contributed unrestricted operating revenue of US$5.1 million to the statement of operations and net assets of $3.4 million to the balance sheet in 2015. Where actual movements between 2014 and 2015 in the following financial discussion are impacted by currency fluctuations, constant currency movement is provided.

During June 2014, The Conference Board restructured operations to focus on its core businesses and exit certain non-core deficit businesses, the effect of which was to reduce 2015 revenue by $1.2 million, or 2.1 percent, from 2014 and to increase surplus by $300 thousand, with a restructuring charge in 2014 of $856 thousand. Total revenue grew 13.2 percent in 2015, despite the lost revenue from discontinued businesses, behind a renewed focus on ongoing businesses (up 6.4 percent, or 7.4 percent in constant currency) and the addition of CED (8.9 percent). The growth in ongoing businesses in 2015 was driven by a significant expansion of the council portfolio which grew 20.1 percent (25.4 percent in constant currency), a turnaround in conferences and meetings which grew 10.2 percent. The 2015 revenue growth, coupled with cost management following the 2014 restructuring, contributed to a $3.4 million turnaround in operating surplus, from a deficit of $949 thousand in 2014 to a surplus of $2.4 million in 2015.

The Conference Board’s shift in focus enabled it to enhance the value delivered to members in 2015 as revenue from recurring, membership-based businesses (Membership and Councils – “Recurring Revenue”) grew 9.4 percent (13.5 percent in constant currency) and the Recurring Revenue base grew from $38.4 million to $43.8 million or 14.1 percent in constant currency. The growth in Recurring Revenue and its underlying base during 2015, together with the turnaround in conferences and meetings, positions The Conference Board for future growth.

The Conference Board undertook further steps to lower its long-term, post-retirement obligations during June 2014 and again in June 2015 to accelerate the cessation of benefits and full funding. These steps, together with other factors, resulted in a $7.0 million reduction of post-retirement obligations during 2015 to $21.3 million at December 31, 2015. The Conference Board’s liquidity remained very strong as of December 31, 2015, as liquid assets totaling $24.2 million represented a 3.8 multiple of current cash obligations totaling $6.4 million and 4.7 months’ expense coverage.

Jim Slamp  
Executive Vice President & CFO  
The Conference Board
**STATEMENTS OF FINANCIAL POSITION (IN US$ THOUSANDS)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of December 31, 2015</th>
<th>As of December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,801</td>
<td>$1,871</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>5,248</td>
<td>6,425</td>
</tr>
<tr>
<td>Receivable on pending investment sale</td>
<td>75</td>
<td>—</td>
</tr>
<tr>
<td>Investments, at fair value</td>
<td>11,107</td>
<td>8,329</td>
</tr>
<tr>
<td>Deferred charges and sundry assets</td>
<td>1,897</td>
<td>1,802</td>
</tr>
<tr>
<td>Furniture, equipment, software, and leasehold improvements – at cost, less depreciation and amortization</td>
<td>4,868</td>
<td>5,377</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$30,996</strong></td>
<td><strong>$23,804</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>As of December 31, 2015</th>
<th>As of December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>6,356</td>
<td>3,729</td>
</tr>
<tr>
<td>Advance payments and deferred revenue</td>
<td>6,572</td>
<td>6,324</td>
</tr>
<tr>
<td>Deferred subscription revenue</td>
<td>19,841</td>
<td>18,970</td>
</tr>
<tr>
<td>Capital lease obligation</td>
<td>—</td>
<td>392</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>1,750</td>
<td>1,935</td>
</tr>
<tr>
<td>Post-retirement benefit obligation</td>
<td>2,574</td>
<td>5,937</td>
</tr>
<tr>
<td>Pension liability</td>
<td>18,707</td>
<td>22,384</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$55,800</strong></td>
<td><strong>$59,671</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated Deficit</th>
<th>As of December 31, 2015</th>
<th>As of December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued pension and post retirement</td>
<td>(21,281)</td>
<td>(28,321)</td>
</tr>
<tr>
<td>Other</td>
<td>(4,372)</td>
<td>(7,546)</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>849</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$(24,804)</strong></td>
<td><strong>$(35,867)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Liabilities and Net Assets</th>
<th>As of December 31, 2015</th>
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<td></td>
</tr>
</tbody>
</table>

*During 2014, the board of trustees elected to change the fiscal year-end from June 30 to December 31, to better align its fiscal year end with the operations of The Conference Board.*
## STATEMENTS OF ACTIVITIES (IN US$ THOUSANDS)

For the 12 months ended December 31, 2015 | For the 12 months ended June 30, 2014
--- | ---
**Operating Revenue** |  |  
Membership | $ 20,195 | $ 20,179  
Councils | 21,113 | 17,573  
Centers | 1,915 | 1,982  
Conferences and meetings | 13,319 | 12,082  
Grants, contracts and fee-based services | 3,513 | 4,262  
Contributions | 2,259 | —  
Investment return appropriated | 457 | 408  
Other | 148 | 248  
Net assets released from restriction | 1,441 | 112  
**Total Operating Revenue** | $ 64,360 | $ 56,846  
**Operating Expenses** |  |  
Compensation | 36,488 | 34,731  
Purchased services | 10,324 | 9,870  
Travel | 2,093 | 2,578  
Meeting location costs | 4,076 | 3,625  
Printing, postage, and supplies | 808 | 1,304  
Depreciation and amortization | 1,150 | 767  
Facilities | 3,702 | 3,257  
Other expenses | 3,311 | 1,663  
**Total Operating Expenses** | $ 61,952 | $ 57,795  
**Excess of Revenue from Recurring Operations** | 2,408 | (949)  
**Other Activities** |  |  
Investment return (less than) in excess of spending rate | (683) | 618  
Pension-related changes other than net periodic costs | 6,109 | (1,104)  
Effect of foreign currency translation | 104 | (181)  
Cost incurred due to office restructuring | — | (856)  
Acquisition of CED | 2,275 |  
**Change in unrestricted accumulated deficit** | 10,213 | (2,472)  
**Change in temporarily restricted assets** |  |  
Acquisition of CED | 1,116 | —  
Contributions and grants | 1,175 | —  
Net assets released from restrictions | (1,441) | (112)  
Increase in temporarily restricted assets | 850 | (112)  
**Change in accumulated deficit** | 11,063 | (2,584)  
Accumulated deficit at the beginning of the year | (35,867) | (29,108)  
**Accumulated deficit at the end of the year** | $ (24,804) | $ (31,692)  

*During 2014, the board of trustees elected to change the fiscal year-end from June 30 to December 31, to better align its fiscal year end with the operations of The Conference Board.*
GLOBAL COUNSELLORS

The Conference Board draws on the support and advice of an extraordinary network of global business leaders. These individuals volunteer their time, knowledge, and insights to reinforce the mission of The Conference Board—to help the world’s leading organizations improve their performance and better serve society.

These leaders of international stature and outlook are vital links in The Conference Board network. They bring critical insight to The Conference Board’s planning and development.

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JPMorgan Chase International

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Chile
Agustin E. Edwards
President
Empresa ‘El Mercurio’ S.P.A.

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Chairman  
Sabco Group LLC

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Former Chairman and Founder  
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A.P. Moller-Maersk A/S

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Retired Chairman and Director Emeritus  
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Group Health Cooperative

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President and CEO  
MasterCard Worldwide

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Svein Brandtzæg  
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Norsk Hydro ASA

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Global Vice Chair, Public Policy  
EY

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Chairman  
L1 Energy

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Chairman  
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Asian Institute of Management

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Chairman  
Mayo Clinic

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Special Advisor  
Tesco Plc

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2 As of October 7, 2015
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