Beyond the Perception Study

Building Decision-Grade Investor Intelligence

Kim Belval interviews Mark Hayes about one of the most consequential conclusions in the 2027 IR Power Playbook: the traditional investor perception study is no longer adequate for the decisions management teams and boards are being asked to make. Breakwater Capital Markets' 2026 research shows management satisfaction with legacy perception studies falling from 3.9 in 2021 to 2.6 in 2026, with the latest one year deterioration occurring at roughly three times the previous annual pace. The research also identifies generic sentiment readouts, weak decision utility, weak valuation linkage, poor decision framing, false peer comparability, limited actionability, shallow qualitative insight, inadequate alternative testing, and missed hidden risks among the principal weaknesses of the existing model.

KIM

Mark, your presentation says perception studies need to be fixed. I want to push that further. Is the traditional perception study still fit for purpose?

MARK

Not in the form in which much of the market still delivers it. I want to distinguish the underlying activity from the product because speaking systematically and independently with investors remains extremely valuable. What has become inadequate is the idea that the principal purpose of that work is to produce a cleaner, more objective summary of what investors think about the company.

A good IRO already knows a great deal about what investors are saying. Management hears it in meetings, earnings calls, conferences, sell-side research, inbound questions and the reaction to company events. If an independent study spends weeks conducting interviews and eventually tells the CEO that investors like the strategy, worry about execution, want more segment disclosure and would appreciate greater clarity on capital allocation, I would ask what management learned that it can actually use.

The analytical work should begin where that traditional study ends. What does “execution concern” mean economically? Is the investor questioning the revenue algorithm, the cost structure, the amount of capital required to achieve the plan, management’s ability to integrate an acquisition, or the durability of the competitive advantage? If the investor says capital allocation is unclear, is the issue the decision rule, expected return, timing, balance sheet risk, or skepticism based on management’s prior record? Those are not semantic differences. They enter an investment model differently and should lead management toward different decisions.

I think the category has to stop defining its value as the ability to collect and summarize investor opinion. The more demanding objective is to reconstruct the investment judgment: what investors believe, why they believe it, what evidence supports the belief, how confident they are, where it changes valuation or position size, what credible alternative interpretations exist, and what evidence could cause the conclusion to change. That is a different product.

KIM

The management satisfaction numbers in your research are concerning. Satisfaction falls from 3.9 in 2021 to 2.6 in 2026. Why is dissatisfaction accelerating now?

MARK

Because the questions management needs answered have moved well beyond the questions most traditional studies were designed to address. The data shows not only a decline from 3.9 to 2.6, but that the latest annual deterioration was roughly three times the pace of the preceding years. I do not think that means executives suddenly decided investor research is unimportant. I think they increasingly recognize how important investor belief is, which makes them less tolerant of work that stops at description.

Look at what management now expects from the IRO. The research shows a broad movement toward investor decision intelligence, valuation and catalyst intelligence, strategy to model translation, capital allocation positioning, guidance architecture, market reaction foresight and strategic change readiness. Those are demanding questions. If a CEO is deciding whether to alter disclosure, accelerate an investment, change the architecture of an Investor Day or address a valuation disconnect with the board, a favorable versus unfavorable sentiment chart is nowhere near sufficient.

There is also a broader market change. Investors themselves are becoming more analytical about variables that used to be treated qualitatively. Capital intensity, AI returns, customer economics, geopolitical exposure, competitive duration and management adaptability increasingly find their way into explicit assumptions. Once an issue enters the investor model, management needs to understand the assumption, not merely hear the associated opinion.

So the dissatisfaction is rational. The decision environment moved, while much of the category continued to deliver a product designed for a simpler communications environment.

KIM

Let me defend the traditional product. Why should the perception study provider be responsible for interpretation? Isn't its job to report investor views objectively and let management decide what they mean?

MARK

Objectivity does not require analytical passivity. In fact, simply reproducing what people said can create its own form of bias because it implicitly gives equal weight to comments that may differ enormously in quality, relevance and economic consequence.

The researcher should not make management's decisions. That boundary matters. But the external process should do something the relationship based internal process often cannot do as rigorously. It should test explanations. It should distinguish consensus from repetition. It should identify contradictions. It should understand whether a stated concern affects the investor's actual position or is merely something the investor would prefer the company discuss. It should ask what evidence the investor is using, how current that evidence is and what would cause the investor to reconsider.

Suppose twelve investors say they want more disclosure. A descriptive report can count twelve requests. An analytical product asks whether those twelve investors are trying to solve the same uncertainty. Four may be trying to understand customer retention. Three may be concerned about capital intensity. Two may want information because they genuinely cannot model the business. Three may simply prefer more data but admit that it would not alter their position. Those are not twelve instances of the same finding.

The role of analysis is not to make the evidence say more than it can support. It is to stop the evidence from being flattened into a conclusion that is easier to present than it is to defend.

KIM

Your largest identified weakness is “generic sentiment readout.” Why do you view that as more than a benign limitation?

MARK

Because it can create false closure. Management receives a finding that sounds like a diagnosis and so stops asking what the finding actually means.

“Investors are concerned about margins” is a classic example. The statement may be completely accurate and still be almost useless. One investor may believe pricing power is deteriorating. Another may think management is underinvesting and current margins are, as a result, artificially high. Another may expect unfavorable business mix. Another may believe the company’s competitive advantage is weakening. Another may simply think management’s long-term target is too optimistic because the company has missed prior commitments.

If those views are aggregated into a margin concern score, the report has made the information easier to consume by removing precisely the distinctions management needs.

The research captures this problem clearly. Generic sentiment readout is the highest ranked management concern at 87 out of 100, followed by weak decision utility at 85, weak valuation linkage at 84 and poor decision framing at 83.

A serious analytical product should keep pushing until it can explain the economic mechanism. What is believed? What evidence produces that belief? Which financial or strategic assumption does it affect? How widespread is the conclusion among investors who matter to the capital decision? What credible competing explanation exists? What information would increase or decrease confidence in the judgment?

Until those questions are answered, management does not really have a finding. It has a topic.

KIM

You call the replacement “decision-grade investor intelligence.” What makes intelligence decision-grade?

MARK

It has to improve a choice management actually controls. That does not mean every finding produces an action. A decision to leave disclosure unchanged because the market concern is immaterial or cannot responsibly be resolved through additional disclosure is still a decision. The point is that the research should get management to that choice with materially better reasoning.

Imagine a growth business receives very little valuation credit. “Investors do not appreciate the segment” tells management almost nothing. Decision-grade analysis might establish that the market believes the business consumes too much capital for the growth it produces. Or that the market cannot distinguish organic returns from acquisition supported growth. Or that investors think the segment’s margins depend on pricing conditions that will not persist. Or that the segment is strategically attractive but lacks enough evidence to justify a higher probability weighting.

Those diagnoses lead to different actions. One may require additional unit economics disclosure. Another may require a capital allocation explanation. Another may require management to reconsider the investment itself. Another may simply require time and execution.

The standard is not whether the report contains recommendations. The standard is whether management understands the decision better.

KIM

Let's talk about evidence. Most perception studies treat an investor interview as an investor interview. Should every respondent really carry the same analytical weight?

MARK

No, and pretending otherwise is one of the category's weaknesses. Equal treatment may look objective, but it can actually destroy information.

Consider two investors. One has covered the company for fifteen years, built a detailed operating model, spoken with customers and competitors, owns a substantial position and can explain precisely which assumption limits further ownership. The other attended one meeting, does not own the stock and offers a broad impression about management credibility. Both perspectives may have value, but they are different forms of evidence.

A rigorous analytical process should consider source characteristics: proximity to the issue, expertise, investment horizon, depth of work, access to relevant information, potential biases, whether the investor has capital at risk and whether the view has been stable or recently changed. Established analytical tradecraft explicitly treats source quality, credibility, access, possible bias and expertise as relevant to the strength of a judgment.

That does not mean the sophisticated investor is automatically correct. Experts can anchor. Large owners can rationalize existing positions. Deep familiarity can create its own confirmation bias. What it means is that five mentions should not mechanically become more important than two simply because five is larger.

Frequency, source quality, economic materiality and capital impact are separate dimensions. A serious study should preserve those differences rather than collapsing them into a popularity contest.

KIM

Investor model deconstruction is central to your proposed model. What does that actually require from the interviewer?

MARK

It requires the interviewer to stop treating the investor primarily as a commentator on management communications and start treating the investor as a capital allocator.

Why is the investor in the stock? Why is another investor out of it? What would cause the position to become materially larger? What would cause it to be cut? Which assumptions explain most of the difference between the base case and the bear case? How is the investor underwriting normalized earnings power, reinvestment, incremental ROIC, competitive duration, capital intensity and downside risk?

Then the interviewer has to work backward into the evidence. If the investor says the long-term margin target is unrealistic, why? What has the investor observed? Is the conclusion based on pricing, mix, cost intensity, competitor behavior, historical execution or a macro assumption? What would have to occur for the investor to become more confident? Is the investor looking for a company disclosure, a third party signal or simply two additional quarters of performance?

This is difficult interviewing because the first answer is rarely enough. Investors, like everyone else, often lead with a conclusion and reconstruct the reasoning afterward. The interviewer needs enough command of the economics to test whether the explanation is internally coherent.

When done well, you are not producing a transcript summary. You are reconstructing the logic by which capital enters, remains in or leaves the stock.

KIM

How do you determine whether management has a perception problem, an evidence problem or a business problem?

MARK

By treating those as competing explanations rather than deciding in advance that the mandate is a communications problem.

Suppose investors discount a major reinvestment program. One hypothesis is that the market does not understand the program. Another is that investors understand it but lack sufficient evidence to believe the expected returns. A third is that investors understand the economics and simply think management is allocating capital poorly. A fourth is that management itself has not yet developed a sufficiently rigorous return architecture.

Those hypotheses should be tested against the investor evidence. Which explanation best fits what investors are saying and doing? What evidence is inconsistent with each explanation? Which one requires the fewest unsupported assumptions?

This discipline matters because companies routinely try to solve an economic disagreement with communication. If investors understand the spending, timing, hurdle rate and expected return and still believe the investment destroys value, another slide is not the answer. Management either has to produce better economic evidence through execution or revisit the allocation.

A good perception study should be capable of reaching that conclusion. Otherwise the process starts with an unstated assumption that management’s economics are correct and the market simply needs to understand them better, and then spends the rest of the study confirming it.

KIM

That sounds like the study has to be willing to challenge management itself.

MARK

Absolutely. Independence is meaningless if the range of acceptable conclusions excludes the possibility that investors have identified something management should examine.

Management has information investors do not possess, but investors have a perspective management does not possess. They compare the company with dozens of alternative investments. They observe competitors. They test corporate statements against external evidence. They can often see changes in market expectations before those changes become comfortable topics internally.

So the analytical obligation is symmetrical. If the evidence suggests investors misunderstand the business, say so. If the evidence suggests management is underweighting a credible risk, say that too. If the evidence is ambiguous, do not manufacture certainty to make the report more satisfying.

This is one reason disconfirming evidence matters. The broader playbook finds that management judgment under uncertainty, changed assumptions, decision and reallocation signals, disconfirming evidence and scenario intelligence are becoming much more valuable than generic benchmarking.

The highest quality research should help management detect where its own preferred story is weakest. That is not adversarial. It is the reason to conduct independent work.

KIM

I want to spend real time on normative data. It looks objective. It gives you a percentile. It lets somebody say, “You are below peers on credibility” or “You are above the norm on strategy.” Yet your research identifies normative benchmark irrelevance and false peer comparability as major weaknesses. Are you saying a lot of what looks like rigor in perception studies may actually make decision making worse?

MARK

Yes. This is one of the areas where I think the category needs a much more fundamental rethink. The problem is not that comparative information is inherently weak. Used correctly, a good reference class is extraordinarily useful. The problem is that once a benchmark is converted into a number, the number tends to acquire authority before anybody has demonstrated that the underlying comparison deserves it.

That matters because human judgment under uncertainty is heavily influenced by reference points. We anchor. We infer patterns from small samples. We overweight information that feels representative of the situation in front of us. We substitute easier questions for harder ones. Instead of answering, “What economic assumption is causing long duration investors to restrict capital?” we answer, “Are we above or below the peer average?” The second question is much easier, and the existence of a precise looking benchmark encourages us to forget that it may not be the question we needed to answer in the first place. Research on judgment under uncertainty has documented anchoring, representativeness, availability, base rate neglect and overconfidence as recurring features of intuitive judgment.

Imagine a board is told that management credibility is in the 43rd percentile. The number is precise enough to feel uncomfortable. Management naturally asks how to move from the 43rd percentile to the 70th. But before anybody spends a minute discussing improvement, I would want to know what that percentile actually means. Forty third percentile of what population? Why are those companies the correct reference class? Were the companies in comparable strategic circumstances? Were the respondents comparable? Were the questions asked under similar market conditions? Is the construct called “credibility” measuring the same thing for an investor in a highly levered cyclical company and an investor in a high growth platform business? Most importantly, has the score demonstrated any relationship to capital commitment, valuation, estimate dispersion, ownership duration or another outcome management actually cares about?

If those questions cannot be answered, the percentile may be calculated perfectly and still be analytically weak.

That is an important distinction because executives have been trained to respect quantification, usually for good reason. The financial statements are quantitative. Operating systems are quantitative. Capital allocation requires measurement. So when perception work produces a number, the number borrows credibility from those disciplines. But an average does not become decision useful simply because Excel can calculate it.

You can take the wrong reference class, compute the average with complete mathematical accuracy and arrive at a highly precise answer to a badly framed question.

There is also an enormous psychological pull toward closing visible gaps. Once the board sees red, yellow and green, red becomes a problem. If management is below peers on “accessibility,” somebody will propose more access. If the company trails on “strategic clarity,” somebody will propose a narrative project. If disclosure scores poorly, somebody will propose more disclosure. The benchmark does not merely describe reality; it begins shaping management attention.

That is where bad normative data can become actively harmful. It can shift executive attention toward what is measurable rather than what is economically material.

Suppose the company scores poorly on accessibility but its highest conviction long duration owners have all the access they need and position size is constrained by uncertainty about incremental ROIC. Improving accessibility may move the survey score and do nothing for valuation. Suppose another company scores exceptionally well on communication but investors believe its reinvestment returns are deteriorating. Which issue deserves the board’s attention? The score can easily encourage management to optimize the measurable surface while the capital market is underwriting something entirely different.

The second problem is reference class selection. Apparent corporate similarity is not necessarily analytical comparability. Two companies in the same industry may have different capital structures, business mixes, reinvestment requirements, investor bases, geographic exposures, management histories and strategic choices. Calling them peers does not make them comparable for every question.

The appropriate reference class should be determined by the decision. If management is trying to understand credibility after a significant guidance reset, the relevant comparison may be other companies that had to reset a long-term thesis, not companies that happen to share an industry code. If the issue is AI investment economics, the more useful comparison may be companies undergoing a similar transition from experimentation to measurable operating returns. If the question is capital allocation under geopolitical fragmentation, the relevant companies may be businesses facing comparable sovereignty and resilience trade offs.

The research in the presentation labels normative benchmark irrelevance and false peer comparability as significant management concerns. I think those labels point to a larger failure: the market often starts with the dataset it possesses and then asks what question the dataset can answer. Serious analysis should begin with the decision question and then determine what evidence and reference class are appropriate.

There is another problem. Normative data encourages us to think in averages when the investment decision may depend on distribution. Suppose the average investor rates capital allocation six out of ten. That tells me much less than knowing that the company's largest long-duration owners rate it highly while several prospective investors remain completely unconvinced because they use a different hurdle rate assumption. The average smooths away the very segmentation that could explain future capital flows.

Small samples create additional hazards. Perception studies often involve relatively limited groups of institutional investors because the objective is depth rather than statistical representation. That is perfectly legitimate, but it means the resulting numbers should be treated with humility. One of the recurring findings in research on judgment is that people tend to infer too much from small samples and underappreciate how unstable their averages can be. Adding a decimal point to a small qualitative sample does not convert it into population science.

So what should replace the benchmark as the center of the product? A disciplined analytical judgment.

In mature analytical disciplines dealing with incomplete, ambiguous and sometimes contradictory information, a finished product is expected to do several things that most perception reports do not do consistently. It assesses the quality and credibility of the source base. It distinguishes underlying information from analyst assumptions and ultimate judgments. It makes uncertainty explicit. It considers credible alternative explanations. It tells the decision maker how confident to be in the conclusion and why. It identifies information gaps. It explains what would cause the judgment to change. It makes the implications relevant to the decision at hand. These are not stylistic preferences; they are mechanisms designed to reduce confirmation bias, premature closure and unsupported certainty.

Apply that discipline to the margin example. Ten investors tell us they do not believe the long-term margin target. The conventional perception product says margin credibility is a major weakness and perhaps shows how the company compares with peers. The analytical product begins by identifying competing hypotheses. Investors may believe pricing assumptions are too aggressive. They may believe the cost base is structurally higher. They may think the capital required to achieve growth is inconsistent with the margin target. They may be anchored to recent weak performance. They may distrust management because the company has missed prior targets.

Then we test those hypotheses against the evidence. Which investors hold which view? How deeply have they researched the relevant part of the business? Are the investors changing estimates or position sizes because of the concern? What evidence is inconsistent with the dominant explanation? Are there sophisticated investors who have examined the same issue and concluded the target is achievable? Why? What evidence would cause either group to change its judgment?

At that point, the analysis can say something much more useful than “margin credibility is below peers.” It might conclude, for example, that we have high confidence that normalized margin skepticism is materially constraining conviction among fundamental long-duration investors, but only moderate confidence regarding the cause because the evidence currently supports two plausible explanations: insufficient pricing durability and higher reinvestment intensity. That statement is less superficially certain than a percentile and far more actionable.

I would also insist that every major conclusion confront disconfirming evidence. If the prevailing assessment is that investors do not understand the strategy, what evidence suggests that sophisticated investors understand it perfectly well and simply disagree? If we conclude management credibility is weak, are there investors increasing position size despite the supposed weakness? If investors say disclosure is inadequate, which investors have reached high conviction using the same disclosure and how did they do it?

This is where the distinction between research and analysis becomes critical. Research collects and organizes evidence. Analysis creates a defensible judgment from evidence that is incomplete and sometimes contradictory. Most perception studies in the market are reasonably good research products. Far fewer are genuine analytical products.

And once the work is being used to influence disclosure, capital allocation, executive access, guidance, Investor Day design or board discussion, I think that analytical gap becomes unacceptable. The consequences of the recommendation have risen, so the standard of evidence and reasoning has to rise with them.

I am not arguing that normative data should disappear. If the reference class is sound, the construct is meaningful, the sample supports the inference and the comparison helps answer the actual management question, use it. But it should be context, not command.

A percentile should never outrank a causal explanation simply because the percentile has a decimal point.

KIM

You are really arguing that the reference class itself has to be treated as an analytical judgment.

MARK

Exactly. “Peer” is one of the most casually used words in corporate analysis. Sometimes industry peers are the right comparison. Sometimes they are not remotely the right comparison.

If the question is why investors assign a higher multiple to another company, simply placing the two companies next to each other does not explain anything. You need to understand what investors are pricing differently. Is it growth duration? Reinvestment opportunity? Balance sheet flexibility? Competitive advantage? Incremental ROIC? Management credibility? Capital intensity?

The reference class should be selected around the hypothesis being tested. A company trying to understand whether investors trust its strategic reset may learn more from other businesses that successfully or unsuccessfully reset their investment thesis than from the five companies its proxy adviser calls peers.

That sounds obvious, but much market research works backward. The provider has a database, the database has peer scores, so the report finds a way to use the peer scores.

The analytical question should determine the evidence. The available evidence should not determine the question.

KIM

You have mentioned competing hypotheses several times. How would you actually build that discipline into a perception study?

MARK

Start every consequential finding by asking what else could explain the evidence.

Suppose the market is not giving the company credit for an acquisition. Hypothesis one might be that investors do not understand the strategic rationale. Hypothesis two might be that they understand the rationale but believe the purchase price destroyed most of the value. Hypothesis three might be that they believe integration risk is too high. Hypothesis four might be that the deal increased balance sheet risk at exactly the wrong point in the cycle. Hypothesis five might be that investors simply prefer the standalone capital allocation alternative.

Now test the evidence against each explanation rather than gathering quotations that support the first one.

This approach is especially valuable because people naturally search for evidence that confirms the explanation already in their heads. Structured comparison among alternative hypotheses is specifically designed to counter that tendency by asking which explanation is least inconsistent with the available evidence, not simply which explanation has the most supporting anecdotes.

A good perception product should then show management not only the preferred judgment, but the credible alternatives considered and why they were given less weight. That gives leadership a much clearer sense of how robust the conclusion actually is.

KIM

And where do confidence levels fit? Corporate research tends to present findings as though they are either true or false.

MARK

That is another habit I would change. Analysis under uncertainty should tell the reader not only what we judge, but how much confidence the evidence deserves.

Suppose we conclude that investor skepticism around AI investment is constraining valuation. Our confidence might be high that the skepticism exists because it appears consistently among relevant investors, is visible in their models and affects position size. But our confidence may only be moderate about the cause because some investors focus on CapEx intensity while others focus on the lack of revenue proof.

That distinction matters.

Confidence should depend on the quality and consistency of the source base, the amount of contradictory evidence, important information gaps and the degree to which the judgment relies on assumptions. Public analytic standards explicitly require uncertainty around major judgments to be explained and assumptions that bridge important information gaps to be made visible.

I would much rather tell a board, “We have moderate confidence in this conclusion, and here is what prevents us from having high confidence,” than give it a six decimal score that disguises the uncertainty.

Intellectual honesty is not weakness in analytical work. It is part of accuracy.

KIM

You make a major distinction between sentiment and conviction. How should perception work actually measure conviction?

MARK

By getting as close as possible to the capital decision.

An investor can like the company, respect the CEO and believe the strategy is directionally sound while holding a fifty basis point position. Another investor can use almost identical language and own four percent. The qualitative sentiment sounds the same. The conviction clearly is not.

The playbook calls the difference conviction leakage and asks explicitly where uncertainty is constraining ownership. So perception work should ask what prevents the investor from owning more, what would cause the position to increase, what could trigger a reduction and which assumption sets the effective ceiling on the position.

You also have to interpret position size intelligently. A two percent position may be very large in one strategy and immaterial in another. Mandate, liquidity, concentration rules and portfolio construction matter. This is another reason simple normative comparison is dangerous.

The objective is not to turn the perception study into surveillance of portfolios. It is to understand where expressed belief and actual capital commitment diverge.

That divergence often contains the most useful finding in the entire study.

KIM

Investors frequently ask for data management cannot or should not disclose. How should analytical perception work handle those requests?

MARK

By treating the requested datapoint as evidence about the investor's uncertainty, not automatically as the recommended solution.

The playbook shows that investors believe management has important information that is not being communicated effectively, including internal KPIs, segment economics and capital requirements, realized returns on capital allocation, customer retention and pricing, AI economics, competitive information, productivity and downside sensitivities.

That does not mean companies should disclose all of it. The investor asking for customer level data may really be trying to understand retention or pricing power. The investor asking for detailed AI spending may be trying to determine whether investment intensity is outrunning returns.

The analytical product should identify the underlying uncertainty and then evaluate the possible evidence that could address it. Perhaps management can provide an aggregate KPI. Perhaps it can explain a causal relationship more clearly. Perhaps no responsible additional disclosure exists and realized execution will have to carry the burden.

That is a far more useful conclusion than returning to management with a list titled "What Investors Want."

KIM

You also want perception work to become more continuous. How do you do that without turning the IR team into a permanent polling operation?

MARK

By monitoring assumptions, not opinions.

A deep perception study still has a role because management periodically needs a comprehensive reconstruction of the investment thesis. The weakness is treating that snapshot as though it remains current for twelve or eighteen months.

Instead, identify the small number of assumptions carrying the thesis. Perhaps it is pricing durability, incremental ROIC, AI monetization, a margin recovery, customer retention or balance sheet flexibility. Then define the indicators that should tell management whether investor belief around those assumptions is strengthening or weakening.

What questions are appearing more frequently? Are analyst estimates beginning to diverge? Are investors changing the way they frame the downside case? Has a competitor introduced evidence that changes the reference point? Are long-duration owners behaving differently?

This is the analytical equivalent of establishing indicators that would alter a judgment. Mature analytic standards explicitly encourage identifying developments that, if observed, should cause an assessment to change.

The objective is not continuous interviewing. It is continuous awareness of the load bearing assumptions.

KIM

Where does AI fit into this more rigorous model?

MARK

AI can expand the evidence base enormously, which is valuable if the analytical discipline around it is strong.

It can compare investor interviews with sell-side research, earnings call questions, company disclosure, competitor narratives and other available information. It can detect language changes, emerging themes, contradictions and the spread of particular assumptions. The playbook identifies human-plus-machine interpretation as one of the most important capabilities in the redesigned perception model.

The danger is that AI can make weak methodology look far more sophisticated. A system can summarize one hundred interviews beautifully and still produce a poor judgment if the underlying framework treats frequency as importance, ignores source quality or never tests alternatives.

AI improves retrieval, comparison and pattern detection. It does not eliminate the need to decide what evidence deserves weight, whether a reference class is valid, whether an assumption is causal and what would disconfirm the conclusion.

The more powerful the machine becomes at processing information, the more important the human analytical framework becomes.

KIM

If most perception reports today are research products rather than analytical products, what should a truly board ready analytical product look like?

MARK

It should begin with judgments, not with interview demographics and twenty pages of charts. A board member should be able to understand very quickly what we believe is happening, why we believe it, how confident we are, what credible alternatives exist, and why the issue matters to enterprise value.

For each major judgment, I would want a clear evidentiary structure. What underlying information supports the conclusion? Which sources carry the most weight and why? What assumptions are required to connect the evidence to the judgment? What information contradicts it? What alternative explanation was considered? What is our confidence level, and what prevents it from being higher? What indicators should the company monitor because they could cause the judgment to change?

Then connect the analysis to consequence. Does the issue affect revenue durability, margins, reinvestment, incremental ROIC, cost of capital, terminal value, ownership, management credibility or strategic flexibility? Does it require a management decision, a disclosure decision, more evidence, further investigation or simply monitoring?

That format is fundamentally different from a traditional strengths and weaknesses report because it makes the reasoning inspectable. The board does not have to accept the analyst's conclusion as an article of faith. Directors can see how the judgment was built and where it is vulnerable.

The broader playbook shows that board expectations of IR are shifting toward strategy, capital allocation, valuation, decision intelligence and vulnerability. If perception work wants to be relevant at that level, it has to meet the analytical standard associated with those decisions.

KIM

What, then, should management physically receive at the end of the work? What replaces the conventional 80 page perception deck?

MARK

I would still preserve the underlying research because management may want to examine the evidence in detail. But the primary product should be a concise analytical architecture supported by that research rather than a slide by slide tour of everything investors said.

At the top should be the major judgments: the beliefs supporting conviction, the beliefs constraining it, the assumptions where management and investors materially diverge and the issues most likely to influence capital allocation or valuation. Each judgment should include the evidence, source characteristics, alternative explanations, degree of confidence, disconfirming evidence and indicators to watch.

Then I would provide the investor model deconstruction. Which variables are investors using to underwrite the company? Where do those assumptions differ across investor cohorts? What appears to determine position size? Which information gaps genuinely matter?

Then decision implications. Which problems can reasonably be addressed through evidence or disclosure? Which require operating results? Which may require management to reassess an internal assumption? Which should simply be monitored?

That is a very different hierarchy from “strengths, weaknesses and recommendations.”

The executive team should finish the work with fewer unanswered questions, not simply more organized information.

KIM

Let’s finish by setting the bar. If you were defining the best investor perception work in the world, what would distinguish it from what the market generally provides today?

MARK

The test would be whether management understands the investment decision materially better after the work than it did before, and whether the reasoning behind that understanding is strong enough to withstand challenge.

Management should know what investors are underwriting, not merely what they are saying. It should understand which assumptions carry valuation, which uncertainties constrain ownership and where the external investor model diverges from management’s internal model. It should know which evidence supports those beliefs, what source limitations exist, what alternative interpretations were tested and how confident it should be in the resulting judgments.

It should also know what could prove the analysis wrong. That is crucial. A report that cannot tell management what evidence would cause its conclusions to change is not finished. It has described a present belief but has not built a system for learning.

The redesigned perception study model in the playbook points directly in this direction. Its highest priorities include perception to valuation attribution, decision-grade investor intelligence, investor model deconstruction, human plus machine interpretation, valuation gap diagnosis, conviction driver identification, real time perception tracking, competitive perception intelligence, narrative recalibration triggers and mispricing early warning.

I would take that one step further and say the category has to change its intellectual identity. Investor perception research should no longer think of itself primarily as survey research, communications research or even qualitative market research. It is analysis under uncertainty in service of consequential decisions.

That means being explicit about what is known and what is inferred. It means weighting evidence rather than counting mentions. It means challenging the preferred explanation. It means choosing reference classes based on the problem rather than the available database. It means communicating uncertainty instead of hiding it behind false precision. It means looking for evidence that would prove the prevailing view wrong. It means telling management when the market may have identified a problem rather than assuming every valuation gap is a communications failure.

Most importantly, it means recognizing that the final product is not the interview data. The final product is the judgment built from the interview data.

That was useful in a market where management had less systematic visibility into investor opinion and where the communications environment moved more slowly. It is not enough now.

The questions worthy of management and board attention are harder: What are investors underwriting? Which assumptions determine conviction and position size? Why do they hold those assumptions? How good is the evidence? What other explanation could fit the same facts? Where does management disagree, and on what basis? How confident should we be? What would change the judgment? What signals should we watch? And, having answered those questions, what decision should management make differently?

When perception work can answer those questions rigorously, independently and without false precision, it stops being a periodic exercise in investor feedback. It becomes decision intelligence.