Is the annual report still a worthwhile job?

In the thirteenth edition of the ***Annual Report on Annual Reports*** (published on www.reportwatch.net), the editors remind that from the outset, their goal was to build a benchmark against which report standards and reporting practices can be measured. Many things have changed in the economic environment and the reporting conditions.

Come good or bad (economic and other) climate, over the period there has been an overall improvement of reporting standards across the globe, with the notable exception of the U.S. where complacency and compliance have for a large majority taken over at the expense of clarity and communication. We reported about this in the issues of 2000 and 2006, among others. The U.S. reporting situation is even worse now. After the *"Rule Americana"* on reporting (in 2001, IBM ranked N° 1 and 39% of top 200 were still made in U.S.), most now seem to ignore that *"Reporting is not just about complying"* (to quote the words from the chairman of the Canadian BMO, a top report for years) and go for lifeless and uncommunicative 10-K forms. Reportwise, the "rest of the world" has picked up –and overtaken.

When the survey was launched, 70% of top 100 reports were graded B or less for major ingredients (i.e. financials, risk, performance and investor information). This year, one third of top 300 annuals are rated B+. This is worth noting, especially amid the worst crisis in 25, 50 or more years. 50% of companies ranked this year had to report a decrease in profit or a loss (check the column in our ranking, based on report figures). That said, a rating panel member was *"shocked by the way many companies evaded or marginalized what is certainly one of the major economic crises since decades. So I was all the more impressed by the few companies that had the courage to confront the crisis upfront and present stakeholders with their strategies and goals."* Remarkably, some of them came up with (very) good reports, proving that lower results and recession should not necessarily result in poor communication (at least for some). On the other hand, good performance (and even less company size) doesn't automatically translate into nice reports (check the big wheels at the bottom and others simply not report-competitive enough to rank).

That makes company report teams' jobs more difficult.

How to inform, communicate, state, differentiate, keep shareholders, attract investors, talk to other stakeholders, keep people's attention in a one-minute online culture world, etc.? Net results? Regardless of countries, cultures and traditions (chalk this up to globalization), many reports tend to tell the same story, follow almost the same regulatory rules, give the same accounts (literally, and bar the numbers and mind the auditors, of course), use the same (buzz)words, follow the same fashions, and look like each other. There is more than a business-as-usual impression on substance, and less of a wow factor on style.

All of those points also make report users' (i.e. current shareholders, potential investors, and other stakeholders) task much more difficult than thirteen, ten or even five years ago.

Striving for higher standards should nevertheless remain on the agenda.. And if statements and notes are the backbone of the annuals, reports also mean a number of "y"-ending words that investor relations managers have in mind when it comes to reporting? Those are:

- Availability;
- Transparency;
- Accountability;
- Strategy;
- Quantity;
- Quality;
- Consistency;
- Comparability;
- Clarity;
- Fidelity;
- Credibility;
- Novelty;
- Responsibility.

It takes some or all of those 13 elements to go from (good) standard to best practice. And even some very good ones are lacking in at least a few of those features.

Working on them make it all worthwhile to invest in a good annual report, which remains a much-needed beacon for investors, especially but not only in difficult times.

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