

Communication Breakdown

Vero Escarmelle

In these web days and on the eve of the millennium, when wavelengths have turned traveling bands and many of you will read this commentary between the beep of a mobile phone and a quick surf in cyberspace, our statement -and title- might sound as a surprise. Or a paradox. But haven't most of our readers heard about **the information paradox**? Which is: there's now so much information available that the time needed to treat it is just too short. The result? You just skim, forget, shelve... or you scrap. This applies to annual reports, even more than to a number of publicity vehicles. How can you overcome the situation... and avoid your report to reach the trashcan? Not by informing less, but by communicating more, and better. Because the fact is: hundreds (no, thousands!) of annual reports do not (yet) communicate optimally. The last ten -and even five- years have seen efforts being made everywhere (well, almost) in terms of business or

financial information, operating reviews, copywriting, etc. But communication has not always picked up. In some cases it has even worsened. If only a small percentage of the resources and creativity dedicated for instance to advertising or public relations could be used on corporate communication (CC) in general and the annual report (AR) in particular, it wouldn't certainly harm.

Let's briefly consider five issues that are probably hotter now than before.

Availability.

An AR that is not made available -in the main languages spoken by the company's (current or potential) investors- in the first quarter that follows the fiscal year end misses the primary CC goal.

Personality.

Does the AR really make -and show- the difference between the company and its competitors -and investment alternatives? Is it really a vehicle for an identity? And not only a kind of license plate? Look how so many ARs just look like the ones from compatriots, typeface included, in or out the industry! Personality outside and inside. Something should be

kept in mind: the staff as well as the managers and the shareholders should recognize themselves in the report? Who makes the firm work, after all? The company should also be recognized via its report by the business environment and the community (e.g. job applicants).

Visibility.

The AR remains the principal (and sometimes only) business card for any listed corporation. A PR tool, that is.

With regard to style: the report should be visible on a table (and shelf): 30% of the reports probably underuse the cover, i.e. the first visible impression left to the watcher, hopefully a reader, too. Vis-ual is part of vis-ibility.

With regard to substance: it must show what is permanent and what is the difference from one year to another. With the number of listed companies increasing all over the world, investors comparing and picking- across industries, and the information overload, being visible is a greater challenge than ever.

Readability.

K.I.S.S.S. is the motto: keep it (your reporting) solid (this is about

information content), simple (this is about communicative power) and sexy (this is about the body, the vehicle).

Examples? Clearness of statement is critical, but the way to put and support it counts as much. Should information and communication clash? Not necessarily, as our top 5 reports demonstrate (8): their main objective seems to be communication, but not to the detriment of content, which is substantial.

Readability as a whole is a matter of texts, vocabulary, fonts, headlines, format, length, entries, charts, format, well-balanced integration (this latter is also a distinctive feature of most of our top 10 reports [-]).

Adaptability.

What is needed? Reports that travel. How? By blending business substance and visual style. And by showing both a strong corporate personality (see above) and a real concern for any part of the world where the company operates directly or aims to do so. There is a case for producing “regional” reports or at least for “glocalizing” communication. This year’s case of a renowned car and truck giant proves how difficult it

is to both keep its -merged- identity and to adapt internally and externally. This reminds us that CC and the AR also stand among the premier post-merger or -acquisition corporate tests. How does reporting deliver on these? Far from brilliantly in most cases.

From a CC standpoint, the winners are the ones considering the AR as key component of their ID and not as **a necessary evil**. The others will just **report as usual**.

Vero Escarmelle
Co-Founder and Managing Editor
of the *Annual Report on Annual Reports*

(-) Top 10 reports were: 1. Sara Lee 2. Knight Ridder 3. Monsanto 4. Coca-Cola 5. Alcoa 6. Royal Bank of Canada 7. Volvo 8. Tribune 9. Ameritech 10. First Pacific.

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