

Everybody went low...

“Everybody went low” (a) best sums up the Zeitgeist these days, especially when sung with the breakneck tempo of John Hiatt. Want a more staid way to put it? “People now don’t have faith and reasonable confidence in financial reporting,” said recently Paul A. Volcker, former Federal Reserve Board chairman (b).

Yes, Enron ranked in past “Annual Reports on Annual Reports” -it even topped at N°11 in 1997 before slowly going down, yet staying in top 50 (while WorldCom’s 10-kish never ranked high).

Yes, like thousands of employees and stakeholders, dozens of bankers and a bunch of analysts, we were taken for a ride. Even though it is not our role to judge the business model, should we plead guilty?

Yes, and besides all other book-keeping, cooking, and worrying aspects, Enron, Global Crossing, Qwest, WorldCom and dozens (hundreds?) of others represent first and foremost a crisis in REPORTING. Reporting results, business (model), operations, management, governance...

No, the “Annual Report on Annual Reports” doesn’t assess, rate or rank who or what is reported -this is investors’, bankers’, auditors’, analysts’ job, isn’t it?- but just the way companies report.

Not more. But not less either. Doing that, we hope to work primarily in the interest of companies and corporate reporters themselves. The side objective is to bring what stakeholders have always expected from companies: *glasnost*. To better meet what they need today -it’s just *perestroika*, my dear!- we have entirely rebuilt our report evaluation criteria. A modest contribution in the buildup to international reporting standards.

Mike Guillaume

(a) John Hiatt, on “The Tiki Bar is Open” (Sanctuary Records, 2001. Full lyrics on www.thejohnhiattarchives.com). More laid back: “Goin’ down” by Bryan Ferry (“Frantic”, Virgin, 2002).

(b) Interview with BusinessWeek (June 24, 2002).

Editorial of the “Annual Report on Annual Reports 2002” (August 2002).

