

Value for money in annual reporting

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As the UK's credit-crunched companies run a rigorous eye over their marketing expenditure, the cry heard more than any other is for a demonstrable 'Return on Investment' (ROI). Effective cost neutrality appears the only way to guarantee survival in the budgets of 2009 and 2010 for any communication channel. From advertising to direct marketing, public relations to pay-per-click advertising, communications practitioners are falling over themselves to demonstrate that the improvements in revenue directly attributable to their activities more than meet the costs of the activities themselves.

Amidst all of this, one area all too often remains immune from closer analysis: the Annual Report, whether distributed in an online or printed form. Despite representing thousands of pounds of expenditure each and every year, it seems free of the necessity for demonstrating value for money that applies to all other forms of communication. There are several reasons why this has been the case up to now. None of them are a justification for the Annual Report continuing to avoid the requirement to demonstrate ROI.

First among the reasons is that annual reports continue to be seen as an unavoidable, regulation-imposed expense; a sort of additional, nationwide corporation tax designed to boost very specific sections of the economy through keeping corporate design companies in work. Budgets are written around annual reporting costs rather than encouraged to interrogate them. This somewhat fatalistic approach ensures that only huge rises in the cost of their reports are likely to cause companies to question their value.

A second, related factor represents a quirk in internal organisation. The Annual Report tends not to be subject to the same analysis as other forms of communication because it isn't typically under the remit of the same department. Whilst marketing departments are accustomed to weighing up the relative value of different channels and distributing budget in response, those controlling the Annual Report frequently feel they have no such options. Since they only deal with one communications channel, this channel tends to be sheltered from competition in the value for money stakes.

Third in the reasons for not holding the Annual Report to account is the difficulties in establishing exactly what is being paid for. Here the corporate design companies specialising in annual reports bear a large portion of the blame, following the standard marketing service procedure of pointing to massed ranks of creatives and account directors whilst fudging the issue of how much time any of them actually spend on the account in question.

However, by far the biggest challenge for those hoping to hold their Annual Report to account has been the difficulty of establishing what value it actually delivers. Unless we can point to definite benefits that annual reports are supposed to deliver – and which valuable reports deliver to a greater extent than other, less valuable ones – then it becomes impossible to judge performance in any meaningful way. Whether a company is getting what it pays for becomes a matter of mostly subjective, personal judgement.

As a member of Chime PLC, the UK's largest Public Relations network, we also have the potential to offer insight into the development of those key messages. Our sister companies' expertise in the fields of corporate and financial PR, research and corporate responsibility are available to provide advice on these areas, whenever a client considers it to be of value.

The difficulty of measuring the value of Annual Reports helps to explain why so many attempts to improve the value for money delivered by the process focus solely on cost. Unfortunately, this has tended to define many companies approach to online reporting. An electronic PDF, downloadable from the corporate site, is frequently touted as adding value for money by helping to control print costs. Yet such an approach overlooks the true value that a fully developed online reporting strategy can add.

The end result of these various factors has been to stymie any drive for greater accountability from the annual reporting process. At the best of times, this has proved frustrating to those pushing for a more progressive approach to this communication channel. In tougher economic times, it seems a serious oversight indeed.

Rare Corporate Design's approach to annual reporting has long centred on the importance of accountability. As a result we have had a significant stake in overcoming the various barriers to assessing value for money mentioned above. The good news, at this time of tightening budgets, is that there is no longer any valid reason for annual reports to avoid this assessment.

Rare Corporate Design works closely with FutureValue, the strategic analysis company, to benchmark the strategic value of the Annual Reports that it publishes against competitors and other listed companies, and to demonstrate year-on-year increases in value. Since FutureValue's reports treat the quality and coherence of a company's annual reporting as a key measure of its strategic capability, an effective report delivers tangible benefits in analysts' perceptions of that company's value.

The idea that quality and coherence go hand-in-hand is nothing new to Rare Corporate Design. We were one of the first corporate design agencies to stress the importance of an editorial approach to annual reports that centres on a clear communication of strategy and a detailed analysis of relevant market conditions and risk factors. We have always stressed that design without clear ideas and content is merely decoration.

Since every element of the design and production of our annual reports is focused on communicating key messages in the most direct and efficient means possible, each of these elements is designed to add measurable value.

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The company that we have designed to deliver our annual reports is as accountable and accessible as the reports themselves. Our small, flexible, highly efficient team puts clients in direct contact with the key creatives and editors working on their reports. Processes are designed around clients' needs to ensure an annual reporting process that is as efficient in its demands on clients' time as it is in its demands on budgets.

Finally, we are committed to exploring the full range of channels available for delivering the content of the Annual Report to its key audiences, using our extensive experience and expertise to balance legal requirements and analyst needs against the benefits (both in cost and environmental impact) that can be gained through new, digital channels. To us, online reporting is not just about reducing costs; it is about increasing impact.

Our approach to annual reporting is, in short, designed to deliver the best possible value for our clients. It's an approach that we recommend whether budgets are freely available or constrained, whether the economy is booming or suffering. We recommend it quite simply because we believe that the Annual Report should be as accountable as any other communications channel. We would welcome the opportunity to show you exactly what we mean.

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Rare Corporate Design helps its clients to communicate online and offline through brand identity, corporate reporting, corporate social responsibility and all other marketing communications.

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