

The Annual Report: Don't Duck for Cover

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In medieval Italy, when a businessman was unable to pay his debts he was obliged to destroy his trading bench. From “broken bench,” or “banca rotta,” comes the word “bankruptcy.” It was an early version of Chapter 11, and once he paid his debts, he could re-open. The question, then as now, was would his customers trust him again?

Public trust in corporations – and certainly in government -- is in short supply this dark and stormy year, in industry after industry. Big oil. The airlines. Banking and investment. Pharmaceuticals.

But what if you work in one of those industries and you're the one producing the annual report? Do you take the minimalist “wrapped 10K” approach, making the report as brief and inconspicuous as possible until things look up?

Many companies intuitively do just that, hoping to stay under investors' radar. The unfortunate thing is that when they do, they'll be missing an extraordinary opportunity to step out ahead of the pack.

The time when it's absolutely, positively critical to tell the story straight is when the news is bad. At times when suspicion reigns, no audience – employees, shareholders, citizens, Wall Street – will accept less than the full story.

This doesn't mean a return to the days of 100-page glossy reports and don't-worry-about-it budgets. It does mean a report that forthrightly explains the company's current situation and its strategy for the future. It means honest numbers, smart design – whether print, web, video, or all three -- and clear, no B.S. writing.

The annual report is one of the best opportunities companies have to tell their story. It's a shame when they duck for cover.

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