



thinking **2013 trends in corporate reporting**

by Michelle Marks

This is a very interesting time in corporate reporting. Many trends are in play, some of them seemingly contradictory. New media, new rules, diverse solutions, but still the familiar challenge of how best to communicate the vision and value of your organization, in order to make a definite impression on people who matter.

Opinions and approaches vary. This is good.

If you're looking for precedent, it's out there. A leader in your industry or sector is doing exactly what you're thinking of. And that's a great place to start.

If you're looking for standards, they're out there, too—evolving, taking shape and gaining traction slowly as leaders in the corporate world work toward delivering the more comprehensive and higher quality information stakeholders increasingly seek.

If you're looking for the best approach for your organization to take, that involves balancing many competing factors, including budgets, what stakeholders expect and you need to achieve, and where you wish to stand among your chosen peer set.

Executive Summary

Our third annual review of *Fortune* 200 and other leading companies tracks the evolution of trends in corporate reporting. The vast majority of *Fortune* 200 companies—77%, the same as in 2012—choose to use the annual report as an opportunity to communicate beyond the minimum financial requirements. Interactive online reports are popular, and use of high quality video is growing. Print remains a mainstay, although print runs and page counts will likely stay at low levels. More companies are issuing responsibility reports or including responsibility reporting in their annual reports. Integrated reporting has been embraced by leading US corporations. The use of tablets/smart phone apps remains in its infancy.

77%

of the **Fortune 200**
went beyond the 10-K.

About the Author Michelle Marks is a founding Principal of the New York City-based design firm, Ideas On Purpose, and has worked on the strategy and design of corporate reports for two decades.

This report features the work we did for several of our clients: Stanley Black & Decker, Dominion Resources, Kellogg, Nielsen, Pfizer and United Technologies. It also features other good examples that we did not create. All examples are hyperlinked for your convenience.



1. The interactive online report

Online reporting* among the *Fortune* 200 seems to have plateaued. 56 of these leading companies—including many icons of the business world such as Coca-Cola, FedEx, Ford, GE, Goldman Sachs, Honeywell, IBM, Johnson & Johnson, Kellogg, News Corp., PepsiCo, Pfizer, United Technologies and Walmart—created a truly interactive site or microsite to accompany, augment or even replace a printed 2012 annual report or review. This is the same number as in the previous year. Pfizer, for example, has abandoned print altogether, preferring the communication impact of the online environment.

Incorporating social media, usually through the ability to share the report, is becoming a fairly standard practice. Interestingly, the SEC has begun to accept the use of [social media as a vehicle](#) for delivering certain required notifications or disclosures. Definitely a trend worth watching.

Online reporting seems here to stay, and as communication in general continues to be increasingly web-focused, we expect it to increase over the long term. But just as there are multiple ways of approaching the annual, there is tremendous variety in how leaders are making use of the online medium today.

Responsive design a nascent trend A few companies such as GE in 2011 and AT&T in 2012 have ventured into responsive design which allows a single website to conform itself seamlessly to whatever device the user is using (tablet, phone, laptop). While this may be the future of site design, today its value is debatable for the online annual report.

Increasing use of video A number of leaders are doing interesting things with original video. Honeywell, for example, created an all-video annual review, navigable within and between sections. The video features continuing narration, primarily conducted by the CEO, mixed in with animated graphics and related content. Pfizer used a themed array of six video profiles of colleagues as the front-end experience and entry into their online 2012 annual review. Stanley Black & Decker used a video loop to texture its home page, and explored its progress in emerging markets with a set of four short films.

28%

of the *Fortune* 200 created an interactive site.

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* For the purposes of this paper an "online report" is defined as web-native pages/module or microsite. This does not include PDFs and PDF viewers, which are merely digital presentations of materials designed for print.



Stanley Black & Decker's 2012 Year in Review is its inaugural combined report. The report features a homepage video plus four videos highlighting emerging market stories.



Honeywell created a video-based annual report complete with an interactive menu for all content.



AT&T created a rich annual report web site complete with videos and embraced the social experience. This site is responsively designed, so the format adapts to mobile, tablet or desktop.

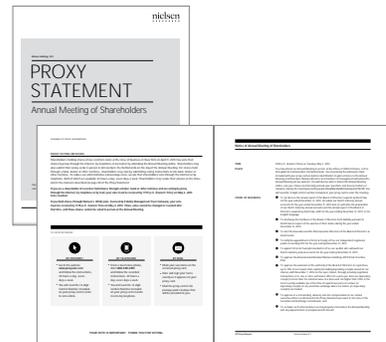


2. The evolving use of print

Print is still the most common vehicle for annual reporting. For the most part, even companies with sophisticated, media-rich online reports still issue a print version. Print has distinct advantages, beyond its historic familiarity among target audiences. It's something you give or send to people, and that provides a certain amount of control in how you get your message out. Digital media still relies on the reader to come to you. You have to get traffic to the website, and that means marketing of some kind to get full value from the effort, such as with a teaser printed piece and other vehicles.

The 10-K wrap remains a relatively popular approach in print. The 10-K and proxy themselves are beginning to receive more design attention, with stronger and cleaner layouts, clearer typographic hierarchies and more impactful charts and graphs that align better with the presentation of the annual report itself. This makes for a better and more engaging read, and can make these related and interdependent communications a more cohesive set.

The summary report or year in review is chosen by many leading companies who otherwise may not communicate widely about broad corporate strategies in a holistic way beyond their corporate website. For some, it can function as a default corporate brochure. Separating the narrative from the detailed financials creates numerous possibilities to connect with investors and other stakeholders. The use of the summary approach among the *Fortune* 200 has declined slightly, from 10% to 8.5%, which is still greater than in preceding years.



Nielsen produced a summary report year in review and a designed proxy statement to create a cohesive document suite. Enhancing the proxy statement with typography, design and infographics makes important information more accessible for shareholders.



Coca-Cola produced an annual review in print and a rich online version with an interactive 10-K.



Illinois Tool Works produced a suite of 2012 reports all designed together to create a cohesive presentation.



Kellogg produced a suite of designed materials including a print annual report with a designed 10-K, a fact card, website and analyst meeting banners and graphics.



3. Responsibility reporting

Responsibility reporting is clearly considered vitally important to a vast majority of today's leading corporations. It may be framed in different ways—as sustainability, corporate social responsibility (CSR), corporate citizenship, or environmental, social and governance (ESG)—and not quite half the *Fortune* 200 issue formal, annual or biannual responsibility reports, but the belief in the utility and necessity of responsibility reporting has been widely embraced. Many companies see it as tied to both revenue growth and competitive advantage—in the marketplace, in hiring and in retention. For the long term, these issues are clearly important to the health of the company.

Understanding of responsibility reporting and its relationship to financial reporting is evolving. (We wrote previously about it [here](#).) It has become fairly standard to include some responsibility content in a traditional annual report or review even if no separate piece is produced. However, at nearly all companies the support system for sustainability reporting pales in comparison to long-established financial reporting systems.

Our research found that 96 of the *Fortune* 200 created a responsibility report or integrated report, with most of these using the [GRI reporting framework](#). That is a slight increase from 94 reports the previous year. Of the rest, 70 companies featured responsibility information on their corporate website. This leaves a sizable minority that do not seem to be addressing the various issues around corporate citizenship, sustainability and environmental impact in a formal way.

Leaders in responsibility reporting are using the web to its full advantage, creating robust sites that support corporate strategies and goals. Often we see a summary or highlights piece in print, with far more robust content online. Some excellent examples include Ford, GE, Qualcomm, Starbucks and others shown below.

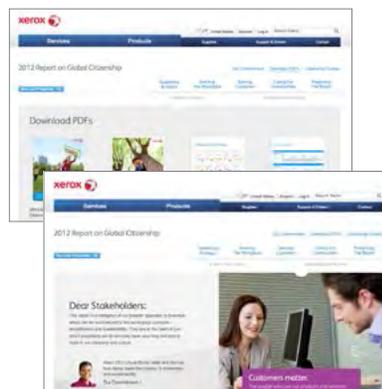
96

of the *Fortune* 200 created responsibility reports or integrated reports, two more than in 2012.

41%

of CEOs plan to focus more on nonfinancial reporting.

Source: PwC, 16th Annual Global CEO Survey, January 2013.



Xerox's 2012 Global Citizenship Report consists of a robust website and PDF download center with separate PDFs focused on aspects of its responsibility reporting, making information more accessible for the user.



Walmart's 2013 Global Responsibility Report website is a rich interactive site featuring a wide range of content including video messages and interactive charts.



Kroger created a 2013 Sustainability Report website featuring an overview video and animation. A complete PDF of all content is also available for download.



4. Integrated reporting

The integrated report, combining required financial reporting with responsibility reporting, has been adopted by a few leaders, including Southwest, Verizon, Pfizer and United Technologies. Full integration, as promoted by the International Integrated Reporting Committee (IIRC), is still rare in the US, but there is a push from academia to mandate integrated reporting and the move to establish standards continues apace.

While combined reporting is becoming more common, only six of the *Fortune* 200 (and seven of the S&P 500) issued what might be called truly integrated reports in 2012—a slight decline from last year that can be accounted for by one integrated reporter falling out of the top 200 and another undergoing a major restructuring. There is nothing to indicate that this trend has actually stalled for good; we'll have to wait to see what happens with the 2013 reporting year to have a better sense of where this is moving. It is notable that all integrated reporters are making use of the web with an interactive component to their reports, sometimes as the lead vehicle.

The push toward integrated reporting also includes certain forward-looking stock exchanges and investor groups. For example, NASDAQ is currently collaborating with the Investor Network on Climate Change to develop universal environmental, social and governance (ESG) reporting standards that are likely to be adopted by stock exchanges all over the world.



Southwest embraced integrated reporting by publishing its “One Report.” The content is accessible both online and through PDFs. A “Build Your Own Report” PDF builder enables users to select only the sections they are interested in for download.



United Technologies' 2012 integrated Annual Report consists of a traditional printed report as well as a robust website. Traffic is driven to the report through persistent promotion on both the corporation's homepage and the IR landing page.



Pfizer's 2012 Annual Review is an online-only integrated report complete with videos and a full GRI index. Pfizer produced a postcard site promotion to mail with the 10-K and proxy statement.



5. Apps

The recent innovation of using tablet/smartphone apps for reporting continues to attract interest among trendsetters here in the US—but once again in very small numbers. That being said, American Electric Power added an iPad version of its robust integrated report. We will be watching this nascent trend closely in 2013.



Nielsen evolved and updated its investor relations app that delivers corporate reports, the latest news, rich media and original content. The annual report is included, but the focus is on broader investor communications.



American Electric Power created an app for its 2013 Corporate Accountability Report featuring an interactive overview of its integrated report.

There is no question, effective corporate reporting is a critical tool. And, in this social media age, the influence of stakeholders is growing.

Looking at the spectrum of reporting, we see a great diversity of formats and channels and expect that to persist. Today, there are many ways of doing year-end reports, all of them legitimate, and to reach an ever-more-fractured audience many companies opt to pursue more than one strategy.

Each company's situation is unique. As a corporate communicator or investor relations leader, you need to determine what kind of reporting, in what mix of media, serves your company and stakeholders best.

Annual reporting remains what it has always been: a strategic communication opportunity to set the terms for the ongoing, necessary conversation with shareholders and stakeholders. The annual report or review—in print, online or both—offers a potent vehicle for your company to tell its story, clarify its point of view and purpose, and engage all key stakeholders in a meaningful way.

Ideas On Purpose applies strategic thinking and storytelling across the spectrum of communications design to build our clients' brands, change perceptions and enhance their reputation. We have deep expertise in corporate reports in print and online—annual reports, responsibility reports and integrated reports. [Learn more at ideasonpurpose.com](http://ideasonpurpose.com)

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