

INNOVATION IN IR

a special feature

Reimagining the annual report

George Yannakoudakis explains how differentiating a corporate necessity can lead to greater investor engagement.



George Yannakoudakis is associate, investor communications and reporting, at Brunswick Group.
gyannakoudakis@brunswickgroup.com

Since best practice reporting was established through a mixture of guidance and regulation, the quality of annual reports has improved significantly over the last decade. However, in the UK's increasingly competitive capital markets, more than ever before, there is a need for companies to stand out and discover new, more effective ways of communicating.

A case for change

While best practice has a rightful place in helping reporters attain a certain level of disclosure, there is an argument to be made around how it also has the potential to stifle innovation. It should therefore be considered as a starting point, rather than a one-size-fits-all solution. Employing creative approaches to key sections of the annual report can bolster reporting and storytelling, allowing companies to go from best practice to best-in-class.

Enhancing engagement for target audiences

In line with the growing trend of annual reports becoming channels that target multiple stakeholders, establishing a clear user journey for key audiences at the start of the report is critical to achieving this objective.

The first few spreads of any annual report are prime real estate for landing key messages and connecting with readers. Creating intuitive user experiences within those pages targeted at stakeholders such as customers, colleagues and communities defines how they navigate and engage with content going forward. The 'At a glance' has the potential to enable this by carving out sections that meet individual stakeholders'

expectations. In doing so, this could improve the accessibility of the document as well as its overall impact.

Developing a credible and differentiated equity story

That said, we cannot ignore the fact that the annual report remains a key investor communication document and, investment cases, while not strictly required, have become a core part of sharing a company's equity story. This section can sometimes be difficult to distinguish among peers and the points can appear fragmented.

Structuring the investment case around what's been achieved, what the company is currently doing that creates long-term sustainable value and where the company sees itself positioned in the future sets the foundation for a clear narrative. Following this structure would put a new lens on how the investment case is viewed internally, creating a more cohesive, strategic and distinctive narrative that appeals to investors.

Redefining value creation

Ultimately, how a company is creating value for stakeholders is what most audiences are interested to understand. Articulating value creation clearly in the business model is core to signalling a stable company with future growth potential.

Stripping the business model of generic content, such as resources and relationships, allows companies to focus more on what their competitive moat looks like, what they do, including how they generate revenue, and their role in the value chain. Additionally, there is more room to show how the value creation process enables strategic outcomes and sustainability priorities without inflating the page count.

A call to action

Companies should push boundaries and explore new, innovative ways of communicating key messages. While the ideas proposed here may not set a new status quo, they aim to spark meaningful debate around fresh ways to engage stakeholders. By doing so, the annual report can evolve into a more powerful engagement tool – one that effectively connects with diverse audiences while showcasing a company's strengths and strategic vision. ■