

## investor relations

After 30 years, 500 annual reports...literally billions of printed pages of numbers, pictures and financial data...somebody thinks I have something to say...some of which you may not want to hear...

## skeptomistic

Because after all those years and all those words I have become what my partner Dave Mason has coined a “skeptomistic” I am highly skeptical of everything and feircely optimistic about the future.

I have had the good fortune in my career to have had experiences with some of the most respected designer’s of our time...

## Paul Rand

While doing a film with Paul Rand he described what we do as “swindlers, making things look better than they actually are””

## Saul Bass

Saul Bass told me every story has “a beginning , a middle and an end.

## John Massey

And John Massey told me to “break the rules everytime”

And so it is with everything we do...especially the annual report

we swindle...well, raise the perceived value of a company

we tell stories....albeit some lengthy and unintelligible...

and try to differentiate and be unique along the way.

The annual report is an ineffective, valueless document with little relevance as it exists today...True or False?

There will be a test in the end of this speech.

death

On February 10, 1987 the Wall Street Journal reported on its editorial page that "the annual report we have come to know and hate is dead"

The accused assassins were General Motors Corporation, who proposed to publish a summary annual report for 1986, and the Securities and Exchange Commission, surprised everyone and granted their request. The accused however did not kill the annual report. They could only be found guilty of formalizing a death that had already occurred. The real assassin of the annual report was atrophy.

The annual report as it exists today has limited value...

but don't ask me!

ask your clients...

so far this year every one of our clients has asked...

“do we have to do an annual this year”...?

they are struggling to find value in the process, the message and the form that it has traditionally taken...

They are struggling to keep their jobs...while continually groping for the politically correct message...being everything to everyone...

In our annual survey of 5000 public company's we have found that an extraordinary number of management responsible for annual reports have moved on or changed jobs this year...somewhere in the neighborhood of 35-40%

and where did this deterioration in the annual report process begin? Not with General Motors...

I contend it began years ago...

specifically when the quarterly report was introduced to American business.

It was published a few years ago that the The Mashushita Corporation in Japan has a 250 year business plan...

While I recognize an absurdity in this concept...What is their chance of success when it comes to the long-term vision they have for the future of their company

versus a financial and business plan that is responsible for earnings growth every 120 days...?

Can there be a vision?

Can there be any risk taking or entrepreneurial spirit...?

Coupled with of course the present day situation of over capacity in almost every single traditional business segment ...

Recent events and the quarterly earnings report has turned the perception of our CEO's and corporations into liars of the highest order. It has forced companies to find earnings, to the penny, every three months....

and who can consistently predict this?...

can you in your individual businesses?

I cannot?

I was interviewing a fortune 50 CEO a few months ago, and he said, Greg, If I could predict what was going to happen to my company in the next four months, I would be the only CEO in the country that could, and I would be a liar...

## Fear

There is a sea -change occurring, maybe even a revolution, in how we communicate to our constituents. The ideas we have, the words we use, how we illustrate the concepts and the media we execute in is in transformation.

what does this mean in real terms?

because I am the first to admit we  
have CEO's that are bound and gagged to  
deliver ...

and it takes a great deal of courage to  
be honest and deliver the truth...for them and with them...

in my experience, there are two kinds of  
CEO's...the ones that know exactly  
what they are doing and the ones that don't have  
a clue...there is very little grey area here...

coupled with the fact that the average CEO of a public company  
has million dollars  
of compensation a year at stake..

many are reluctant to stick their neck out when it comes to communicating  
to the community at large...

## Sameness

So what happens...

Politically correct sameness.

As companies struggle to find new markets and niches never before explored, building a dialog with them is more critical and how we do that needs to change.

In our office we have learned that we must be thinking and executing 180 degrees from the rest of the market to get anyone's attention or to differentiate our clients message.

We collect thousands of annual reports every year...we do this not to tell us what to do...but what not to do to....

I regretefully report that their is little differentiating most company's.

And this year I can tell you that there were 897 annual reports that had a globe on the cover...

386 books had an eagle...don't ask me why...someone somewhere thinks this is a idea that communicates quality and strength, courage and the American way...or whatever else...

What did they have to say....?

What was their story?

Was it compelling?

For hundreds “building shareholder value” was a common theme”....

I love that one...

When my clients suggest that one I like to say” isn’t that what you were suppose to be doing all along...like last year and the year before that?

### Sameness Kills

being the same makes any message irrelevant...

We are in the business of communicating the differences between companies.

And the words and pictures we have traditionally used to describe a company’s mission or products and services do not work any longer...

“we treat others as we would like to be treated ourselves.

We do not tolerate abusive or disrespectful treatment”

Enron 2000 Annual Report

Words like quality, trust, excellence, service, once they hit print they have no meaning...I say...you can trust me....you say oh no...I can't trust that guy...I have to earn your trust as each company must in everything they do.

And here we sit on the edge of the next generation of annual reports trying to integrate them into new media when what is really at stake is the actual existence of the annual report itself...

### cost versus value

So what is it worth to communicate with someone who has invested in your company?

### coffee slide

Would a company spend the price of a latte to have a dialog with your shareholders?

to instill confidence in the future of the company, knowledge and respect that would have them possibly buy more stock or products or tell their friends to do the same?

I believe this is a vital medium and absolutely necessary to new and existing investors and extended audiences.

and if I had a public company, I would gladly buy each of my shareholders a cup of coffee...once a year

## the little guy

because the little guy is not so little anymore...

An individual's perception of a company is the cumulative result of input acquired from surprisingly few sources...

personal experience, the media, trusted advisor's, a friend or maybe a company's internally created communications.

The recent 20% rise in the market has come from the individual investor putting its toe back in the water...all 38,000,000 of them...yep...38 million!

Now Business 101 tells us that its easier to sell an existing customer than a new one. Sell more to those you know instead of ignoring them or the opportunity they represent.

But instead, and in the spirit of sound management and fiscal responsibility or full disclosure...Corporate America decided to recently unleash the 10K rap phenomenon

which from where I stand is total and utter crap....

since the average shareholder absolutely will not read it....

and if you don't believe me, I dare you to take one home and give one to your spouse or partner or neighbor and ask them to read it from cover to cover.

Could anything be more abusive or wasteful?

What message are we sending...?

that we care about the shareholders?

That we want them to remain loyal to our company?

Buy more stock. Have confidence in management?

To recruit the best talent?

Yes it is required by law, and the analysts and financial community need it....

but for the financial community it is three clicks away and at their fingertips-  
long before the annual report even gets in the mail...

the [www](#)

Why don't we use the web for this information?

Because we won't use it?

It makes me do the work and

getting the information off the web relies on me and I'm busy.

and....most annual report web sites are

confusing and poorly conceived and frustrate the hell out of me...

if you mail me something it's more personal

if it's interesting I'll actually read it"

but most of the mail I get is crap anyway and goes in the garbage

## investor relations

so for everyone else....its a missed opportunity....  
and back to what we are all suppose to be doing  
to help people invest and relate

raise the value of the enterprise

tell stories

differentiate

maybe not in that order

the simple process of communicating and building a dialog...

## if you look like you are dead, you are dead

because sometimes image is everything...

we have always believed if you look like you are dead...your are dead!

perception of these documents are important and relevant as communication tools....And if we don't think so...

lets stop sending them see what happens

I created an annual report for a chemical company eight or ten years ago. The CEO recieved a call from an investor who said that he had never been aware of the company and after receiving the annual report he purchase 1,000,000 shares of stock.

history?future?

so is an annual report about history or the future?

Instead of abuse....let's inform

Instead of deceive...let's excite

Instead of insult...let's educate

Instead of preaching...let's build a dialog

Instead of bombardment...let's sell them something

Instead of lengthy novels...present one clear concise message from cover to cover...

Instead of history...let's look forward

USA Today is a successful publication because it addresses the habits of our culture,

we have no personal time so...

short brief clips of information that you can race through and get the gist of an idea or issue.

Three years ago a study showed that the average shareholder spends less than 90 seconds with an annual report. Probably more like 60 seconds today.

Its not their fault!

With everyone's time at a premium the message of annual report has to communicate by thumbing through it almost without even reading it....

And since there is a mass of unintelligible garbage out there...

Anyone who communicates simply and well....wins....stands out...

New thinking...

New uses...

New audiences....

New financial structure...Just maybe summary financials for the average investor is enough for them.Maybe we should ask them.

We believe that the annual reports' expanding universe is as a marketing and brand building image document....

a sales tool for the company, its mission, its products and services its markets...

A document that builds a "true dialog" between the company and its audiences...

honest...informative....marketing driven..year after year

not pictures of perfectly diverse employees smiling and shaking hands with perfectly styled handsome clients in their perfect environments....

not history...future....

not politically correct...cover my ass manipulated narratives....

its what's next....

the vision in real terms...

words that ring truth and show that management is dedicated to moving the  
that truth and the company forward...

The emergence of "Bull" in corporate communications is an early warning of  
financial problems...Chelsea Hardaway, Deloitte Consulting

a true and honest story...

So only then can you expand the audience...

from shareholders to customers, suppliers, universities, government agen-  
cies....and yes even the financial community...

my father , who was a eastern european immigrant with fourth grade edu-  
cation once told me..."figures don't lie...liars figure"

it is our optimism and responsibility to see to it that the annual report does  
not die a ugly death or disappear....

and not for self serving reasons,

because it is the only opportunity to communicate directly with each indi-  
vidual investor once a year...

a powerful personal dialog...

“People invest in the differences, not the similarities”

So the annual report is absolutely worth doing. And doing well.  
It is still, and will remain the calling card of American business.

But it is struggling and changing.

Our business is finding out what is different about a company and communicating it. Making things different when companies rarely want to be different or are afraid to be.

but all and all ,

“People invest in the differences, not the similarities”

We must celebrate and communicate those differences.

So the answer to the burning question is: false...

because...

“the annual report is an effective, valued document, relevant to all audiences...”

but only if we personally invest and relate...

and fight to make it that way...

