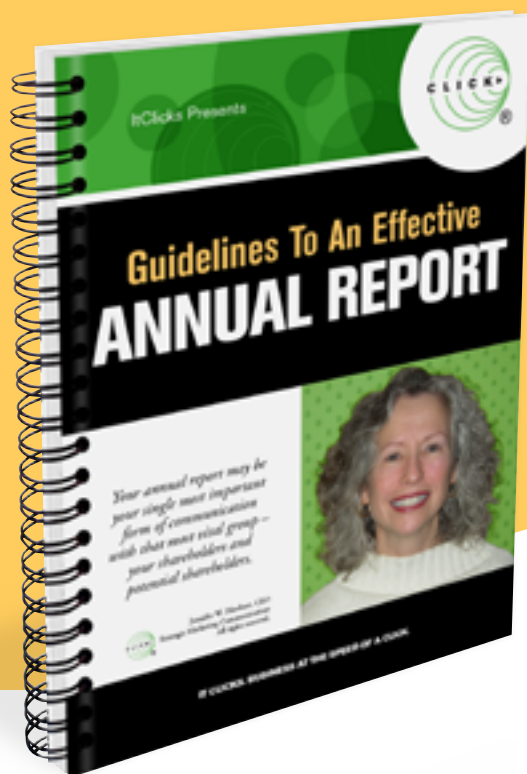




IT CLICKS. BUSINESS AT THE SPEED OF A CLICK.

# GUIDELINES TO AN EFFECTIVE ANNUAL REPORT



*Your annual report may be your single most important form of communication with that most vital group – your shareholders and potential shareholders. And, importantly, your annual report holds the power to attract investment analysts and additional investment capital.*

## Your annual report is –

- ✓ A valuable tool for recruiting, sales and employee and community relations
- ✓ A ready reference for acquisition / divestiture discussions
- ✓ Much more valuable than a press release since it contains more news and information and has a longer shelf life. It is –
  - A source of valuable and sensitive information
  - A strategic marketing instrument
  - The conveyor of your corporate image
  - Your statement of purpose



## Table of Contents

1. Planning and Budget
2. Review and Evaluate
3. Set Goals / Parameters
4. Develop a Theme
5. Involve the Team
6. Cover Design
7. Shareholders Message
8. Copy and Creative
9. Photography
10. Paper / Printing / PDF
11. Follow-Up

**Following the 11 steps outlined on the next few pages will help you maximize the time and money you invest in your annual report.**

## 1. PLANNING AND BUDGET

Good planning will be the key to a successful annual report! Start well in advance and begin with a precise timeline working backward from the date of your annual meeting. Be sure responsibilities and deadlines are clearly delineated, and that an adequate amount of time is allowed for each step. When schedules are followed and deadlines met, costs can be easily controlled.

Develop your budget before the work begins. Understand each item covered. Watch costs carefully throughout the process. Last-minute alterations can inflate your costs dramatically.



### TIP

The information conveyed must be accurate, cohesive and comply with federal regulations. The image and statement of purpose must convey what is unique about your company, consistent with management's philosophies, goals and objectives.

## 2. REVIEW AND EVALUATE

Review and evaluate prior-year annual reports. Take time to carefully consider the overall goals and philosophies of your company and how these have been represented. Evaluate any changes in objectives and how these might impact the corporate image.

## 3. SET GOALS / PARAMETERS

Encourage your Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to become involved early in the planning process. Getting the right direction and focus upfront will save everyone unnecessary frustrations as well as time and money for the company.

## 4. DEVELOP A THEME

It is imperative to develop the overall theme of your annual report early on. This theme should be provocative but credible and should provide the reader with commanding reasons for investing in your company. It should be a representative statement of the firm's vision for the future.

The key element in making your annual report meaningful is to focus on the future rather than dwelling on the past.

## 5. INVOLVE THE TEAM

Once a consensus on the theme and general approach has been established in conjunction with the CEO and CFO, it is important to bring your team of “experts” together to review both timelines and approach, and to make clear responsibilities and deadlines.



### TIP

The increasing plethora of information available in today's business world means the front cover of your annual report must grab the attention of key decision makers and then hold their interest with concise, well-written copy in an easy-to-read format.

## 6. COVER DESIGN

Cover design is critical as it will influence the individual to read, or not to read, the report. The cover design should convey the established theme and must have the ability to capture attention and draw the reader inside. Consider incorporating a strong, but concise, copy line which captures the message of your report into your cover design.

## 7. SHAREHOLDERS MESSAGE

The shareholders message is the most read portion of your annual report. It must be focused, simple, straightforward, honest and futuristic in that it tells the story of your business. It should present management's view of the past year and provide an evaluation of the prospects for the current year with comments based on the latest thinking and strategic direction of your company. Your last and closing paragraph should emphasize future plans.

Tell it like it is! Discuss the impact, if any, of the economy on the company and its products and / or services; discuss sales increases / decreases and what these may be attributable to; review competition and any anticipated changes; talk about capital spending and financing; explore takeover attempts or plans for expansion.

Before reaching page two your reader should be able to describe the company's business, its financial results for at least two to three years, and highlight specific events during the year which contributed to revenues and earnings.

## 8. COPY AND CREATIVE

Depending on the size of your company, you may have someone on your corporate communications or investor relations staff that is a very good writer. Retaining a professional, outside writer will lend objectivity to your written message as well as a higher level of professionalism.

Likewise, if you do not have an in-house graphic designer on your marketing team, working with an outside graphic design and creative firm will help bring new ideas to the table about how to represent your company visually.

Be certain to involve your annual report writer and graphic designer early and make sure he / she understands the corporate philosophy and the theme of the annual report. This will enable him / her to most accurately capture those messages that best reflect the firm and its message.

## 9. PHOTOGRAPHY

Your photographer can also help you decide what areas of operation will communicate the most visual excitement in print.

As with your copy and creative, make sure that the photographer is involved early and make sure he / she understands the corporate philosophy and the theme of the annual report. This will enable him / her to most accurately capture those images that best reflect the firm and its message.

Photographs of key officers tend to be better received than photographs of directors. Investment analysts generally interface with officers, not directors; investors want to know who is responsible on a day-to-day basis.

## 10. PAPER / PRINTING / PDF

Paper can enhance your design and overall theme, or detract from it, and can either save or cost money. Paper should be selected in conjunction with your designer and the printer. Listen to their "words of wisdom and years of experience."

Do request paper samples. And, order early to ensure delivery and current prices.

Production and printing costs can easily get out of hand. Be aware that as a general rule, alterations are added costs, not typically a part of your original estimate. Knowledge of printing is essential in controlling costs and in maintaining high-quality standards.

Also, remember that a PDF of your annual report is a must for you to have available to put on your Website for easy access by those that want a copy of it and didn't receive a print version. This will also save you time and costs throughout the year.

## 11.

## FOLLOW-UP

Finally, and importantly, **follow-up is critical!**

Keep your schedule close by and stick to it! Keep a running, candid narrative of your progress, citing major problems and solutions. You will find this a valuable reference guide in future years and a training tool for new employees.

Make certain everyone involved meets their deadlines and responsibilities.

*By following these 11 steps, you will be well on your way to producing a good, cost-effective annual report!*