

Finding your voice

Creating a distinctive personality...*on paper*

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An annual report is probably the only publication that's read more before it's published than after. The copy has to survive the review of business heads jockeying for position...senior executives with different agendas...and, of course, the intense scrutiny of accountants and lawyers.

If you try to please everyone, you end up with "approvable" copy. That's not always bad, but it's a good bet that the personality—the very "voice" of the company—will be watered down if not deleted completely.

That's why one of your most important jobs as an annual report editor is as gatekeeper. You have to guard the messaging. You have to go beyond the what-we-did-last-year review...and the our-strategies-for-success preview. You have to bring the company to life for your readers.

Most important, you have to give the book a clear voice. One that establishes a distinctive personality for your company. That means starting with a vision for your book, getting the CEO to buy into it, and then fighting to keep everyone else's mitts off your stylistic approach.

It's your job to create a compelling story that will make readers want to invest in your company... do business with your company...or even work for your company.

Same ol', same ol'

"We are pleased to present our 2003 annual report."

"Overall, we are extremely pleased with our accomplishments for the year."

"In all, the future looks bright and we are well prepared to take advantage of all the opportunities we are afforded."

"With all of this to look forward to in 2004, [we are] strongly positioned for future growth."

"In closing, we thank you for your continued support and look forward to continuing to serve you and our company."

Never in my 17 years of writing annual reports has an executive said to me: *"I want my annual to be a boring read."* And yet...

This is the kind of copy that fills more than a few annuals...

"We are pleased to present our 2003 annual report."

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"With all of this to look forward to in 2004, we are strongly positioned for future growth."

"In closing, we thank you for your continued support and look forward to continuing to serve you and our company."

This is boilerplate annual report writing. And, believe it or not, these examples came from a single shareholder's letter from a company that will remain nameless. I read those quotes—as I will others in this presentation—because I want you to hear how they sound. And, frankly, those quotes sound stilted.

Nothing is really wrong with the copy. But nothing is memorable, either. They're bland, throw-away statements that are little more than platitude and clichés. Their worst offense is they take up valuable real estate in an annual report.

Save your word count for text that matters.

Woolly words

We remain focused on leveraging the strong positions and relationships we enjoy in key markets.

“...Every single word, apart from ‘the,’ ‘we’ and ‘and’, is a business cliché. Which might be forgivable if one had any idea what he was talking about.”

“The chairman's letter is an opportunity to say something that will either make investors understand the company better or like it more.”

Lucy Kellaway: Financial Times, April 4, 2004

And as you save your word count for text that matters, make sure that the words you use matter. Lucy Kellaway, a writer for the Financial Times, ran a column this spring titled “Woolly Words.” That was her take on annual report writing—much of it was vague, hazy, imprecise and unclear. It was this “wooliness of thought” that she found most distressing in annuals.

Take the sentence: “We remain focused on leveraging the strong positions and relationships we enjoy in key markets.” Kellaway’s take: “The words flash past you almost unnoticed. But...every single word, apart from “the”, “we” and “and”, is a business cliché. Which might be forgivable if one had any idea what he was talking about.”

She says: “The chairman's letter is an opportunity to say something that will either make investors understand the company better or like it more. [The CEO’s] effort does neither.”

She also cited the chairman of a brewery who writes he is “encouraged by the robustness of our trading platform.” She asks: “What is a trading platform? Does he simply mean that he is encouraged by how much beer they are selling?”

We are all familiar with this type of writing. We’ve read it. We hate it. We’ve probably done it. And, depending on the circumstances, we just might do it again. But at least recognize that you’re doing the company a disservice if you don’t try to break through the fuzzy thinking and bring these platitudes to life.

Creating a voice

- Read good writing

So, let's start with a few basics, and then I'll get to some examples. The first step is to know good writing. And the best way to know it is to read it on a regular basis. Read it for inspiration. To refresh your mind. To see how someone else tackles a similar situation. My top picks for good business writing:

Wall Street Journal: even if you just read the leads

The Financial Times

The New Yorker

The New York Times, especially the NYT Magazine.

(Nope, there aren't any Internet examples because I don't like to do my reading online, but I'm sure there are many.)

Creating a voice

- Read good writing
- Consider the AR a conversation

Consider the annual report a conversation with shareholders that flows throughout the book. It's a conversation that starts between you and the senior executives—the CEO, the CFO, the head of IR, the heads of the business units. Then you help bring this conversation to life on the pages of the book.

Listen to how the senior executives in your company talk with key audiences. Sit in on conference calls; tape record your interviews. Pay attention to their style of speech and how they add color and detail to the facts.

Get the most out of interviews by asking questions that start with “what.” What happened...so what...what's next. *What happened during the year? What does that mean for the business? What was the reaction by competitors, investors, employees? What do you have in the works? What have I missed?*

Carry the conversational tone throughout your writing by paying attention to style. It's okay to use contractions...sentence fragments...and to start a sentence with *And*. Just don't overdo it to the point where the style becomes too visible and contrived.

Creating a voice

- Read good writing
- Consider the AR a conversation
- Simplify and condense

Simplify and condense.

Write for a layman, without talking down to the reader. The Wall Street Journal always has great examples for simply explaining complex subjects.

Get to the point. You're writing for a short-attention-span reader, so don't go into deep background. Keep the conversation focused on relevant progress, accomplishments and strategies. Write what's important to know about this acquisition or that expansion. Go beyond the press release, and focus on key takeaways.

Creating a voice

- Read good writing
- Consider the AR a conversation
- Simplify and condense
- Use stories to engage the reader

Use stories to engage the reader.

They give life to statistics.

They hold attention and keep the reader reading.

They give credibility to generalized statements.

That's all I'm going to "tell" you. Now, I'm going to "show" you what I mean.

Telling a story

“We consider ourselves a plain vanilla company. No hype or Internet buzz. No fancy accounting. Just a simple, focused strategy that continues to serve us—and our customers—well. Twenty years ago, our founder discovered a business, and a business model, he liked. He began buying small distributors of industrial gases and used their strong cash flow to service the debt. Then he started the cycle all over again. And so the company was built on the simple, yet compelling, strategy of acquiring profitable distribution businesses with long-lived assets that generate predictable, recurring revenues.”

This is intro copy I wrote for a 20th anniversary annual report.

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In the interest of complete disclosure, I have to say that was first-draft copy. This is what it became after several rounds of company reviews...

The printed version...

“We consider ourselves a simple, easy-to-understand company that’s built on basics.

For 20 years, we have followed a simple, focused strategy that continues to serve us—and our customers—well. Our business model, dating back to 1982, is a straightforward one. Packaged gas distributors own gas cylinders, fill them up, and rent them to customers, who use the gas as an integral part of their business. In return, gas distributors can generate steady revenues and strong cash flow. So we began buying independent distributors and reinvesting the strong cash flow to grow the company. And the bigger the company became, the better it could meet its customers’ needs as it invested in a strong infrastructure and expanded capabilities...”

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I give you these two versions so you can see the difference in voice. There’s nothing wrong with the second version, but you lose touch with the founder. He was the visionary, he still runs the business, and he lends a distinctive personality to the piece.

The printed version is fine. It’s the kind of “safer” editing happens all the time. But it doesn’t happen every time. So be bold in your first drafts. Write what you think it should be; don’t write what you think will be approved. You can always compromise later.

Tell 'em Warren does it

Wall Street Journal on Warren Buffett's letter:

“A must-read in the financial world.”

“Most corporate annual reports are slick—and boring. Mr. Buffett's are folksy, sprinkled with bad jokes and quotes from luminaries, ranging from Mae West to Yogi Berra.”

When it comes to annual report writing, a lot of people look to Warren Buffet. The Wall Street Journal calls his shareholder's letter “A must-read in the financial world.” It says: “Most corporate annual reports are slick—and boring. Mr. Buffett's are folksy, sprinkled with bad jokes and quotes from luminaries, ranging from Mae West to Yogi Berra.”

Not everyone is a fan. And his style certainly is not what Sid Cato proposes for annuals. His 2003 letter is 12,500 words over 21 pages. No photos, no graphics, no design. Nothing to draw the reader in but content.

Still, you've got to admire a man who puts so much of himself into his letters. It's a lesson for all CEOs. Here's what Buffet has to say about management succession:

“The primary job of our directors is to select my successor, either upon my death or disability, or when I begin to lose my marbles. (David Ogilvy had it right when he said: ‘Develop your eccentricities when young. That way, when you get older, people won't think you are going gaga.’ Charlie's family and mine feel that we overreacted to David's advice.)”

Bold statements

Berkshire Hathaway Inc. 2003 Annual Report:

(on creating value for shareholders)

“If we fail, we will have no excuses. Charlie and I operate in an ideal environment. To begin with, we are supported by an incredible group of men and women who run our operating units. If there were a Corporate Cooperstown, its roster would surely include many of our CEOs. Any shortfall in Berkshire’s results will not be caused by our managers.”

Besides his folksy style, Buffet is willing to use bold statements. Most CEOs like to believe everything they say is a bold statement. But auditors hate bold statements and lawyers just weaken them. Buffet is proof that at least one CEO can actually get bold statements into print.

Berkshire Hathaway Inc. 2003 Annual Report: *(on creating value for shareholders)*

“If we fail, we will have no excuses. Charlie and I operate in an ideal environment. To begin with, we are supported by an incredible group of men and women who run our operating units. If there were a Corporate Cooperstown, its roster would surely include many of our CEOs. Any shortfall in Berkshire’s results will not be caused by our managers.”

Not: *We think* that any *possible* shortfall in Berkshire’s results *would be unlikely* to be caused by our managers. BUT: Any shortfall in Berkshire’s results will not be caused by our managers. That’s bold.

In the real world...

CommScope 2001 AR

“Demand for solutions: It’s a wired—and wireless—world. Behind all the home networks, entertainment systems and mobile multimedia platforms is a sophisticated communications infrastructure. The link that connects each individual household and business to the larger network, and to the rest of the world, is called the Last Mile. CommScope is a leader in Last Mile technologies, with advanced cable products that bridge the gap between yesterday’s analog systems and next-generation digital networks.”

Few CEOs are as bold or folksy as Warren Buffet, but that doesn’t mean their annuals can’t be just as compelling.

Example: CommScope 2001 AR:

One of my clients manufactures cables for broadband and telecom services. Not a very sexy business, but still we were able to bring the products into the reader’s world and put a personality to the company. Here are some excerpts:

“Demand for solutions: It’s a wired—and wireless—world. Behind all the home networks, entertainment systems and mobile multimedia platforms is a sophisticated communications infrastructure. The link that connects each individual household and business to the larger network, and to the rest of the world, is called the Last Mile. CommScope is a leader in Last Mile technologies, with advanced cable products that bridge the gap between yesterday’s analog systems and next-generation digital networks.”

In the real world...

CommScope 2001 AR

“Demand for service: Our customers are world class. Their company names are known in households across the nation and around the world. We also know their first names. And their spouses’ names. And their kids’. That’s how close we like to be to our customers.

“Demand for cost-efficiency: Grandma was right. A penny saved is a penny earned. That’s a lesson well learned in today’s volatile markets, where the most cost-efficient solutions often make the best business sense.”

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“Demand for cost-efficiency: Grandma was right. A penny saved is a penny earned. That’s a lesson well learned in today’s volatile markets, where the most cost-efficient solutions often make the best business sense.”

The copy takes the reader beyond the manufacturing mentality of making products to understanding how they’re used in every-day situations. And the down-home tone of the text is very much in keeping with the company and the people who run it.

In the real world...

Wells Fargo 2003 AR

The Wells Fargo customer-centric business model:

“It’s based on our belief that money never declines. It simply moves from one segment or investment vehicle to another, in response to macroeconomic factors and our customers’ own life cycles. From CDs and annuities to mutual funds and stocks and back. Our customers go from net borrowers early in life to net investors later in life. From life insurance to investments, from secured credit to unsecured credit. Keeping our customers’ business as they decide to move their money is how we’ve avoided volatile earnings through booms, busts, expansions and recessions.”

I looked at two of the 2003 books that Sid Cato deemed worthy of praise for writing: Procter & Gamble and Wells Fargo.

While the Wells Fargo letter ran on a little too long for my taste—at seven pages—it did a good job of personalizing its story:

This is how Wells Fargo describes its customer-centric business model:

“It’s based on our belief that money never declines. It simply moves from one segment or investment vehicle to another, in response to macroeconomic factors and our customers’ own life cycles. From CDs and annuities to mutual funds and stocks and back. Our customers go from net borrowers early in life to net investors later in life. From life insurance to investments, from secured credit to unsecured credit. Keeping our customers’ business as they decide to move their money is how we’ve avoided volatile earnings through booms, busts, expansions and recessions.”

That works for me. Not only do I understand its business better, I can relate to it on a personal level. I’m even curious as to whether there’s something there for me.

In the real world...

P&G 2003 AR

Cato Befogging Index: 4.62; Average words per sentence: 8.7

But...style trumps content flow

"Fiscal 2003 was a year of significant progress for Procter & Gamble – our best overall performance in nearly a decade.

- Volume was up 8%.
- Sales were up 8% to \$43.4 billion.
- Earnings were up 19% to \$5.2 billion; earnings per share were \$3.69, up 19%.
- The Company's multi-year restructuring program is now complete, a full year ahead of schedule. Restructuring program charges for the year were \$538 million.
- Earnings per share increased 14%, excluding the impact of the restructuring program.
- Net earnings margins reached the highest level in more than 50 years.
- Total Shareholder Return outperformed the Dow Jones Industrial Average and the S&P 500.
- P&G has declared a dividend increase of 11%, the 48th consecutive year of increased dividend payments.

These excellent results represent broad-based strength:

- All five Global Business Units grew earnings.
- Six of seven Market Development Organizations delivered top-line growth.
- 19 of the top 20 global brands grew volume.
- P&G brands worldwide grew share in categories accounting for nearly 80% of sales."

As for the P&G book, Sid gave it a low fog index, with an average 8.7 words per sentence. But talk about being bullet-crazy. I love bullets as much as the next guy. But when they're overused, you get this choppy feel that interferes with the flow of the content. I know Sid likes his sentences short. But you have to balance that against readability and continuity.

Gee, I didn't know that

- Nearly 1 in 4 guests stays in a Cendant franchised hotel
- [Cendant] Sent 7.5 million people on vacation last year
- Century 21 averages a home bought or sold every minute of the day
- More than 12 million European consumers use Cendant-designed checking accounts and membership products
- More than 95% of [Jackson Hewitt's] customer [tax] returns are e-filed
- We rent a car every 2 seconds

Cendant 2000 AR

If you don't have stories to tell, look for fun facts that make your company memorable. Look for the: "Gee, I didn't know that" stuff. Here are some of the facts Cendant used in its 2000 annual report: *(By the way, these appeared interspersed throughout the book, not in one long bulleted list.)*

Nearly 1 in 4 guests stays in a Cendant franchised hotel

[Cendant] Sent 7.5 million people on vacation last year

Century 21 averages a home bought or sold every minute of the day

More than 12 million European consumers use Cendant-designed checking accounts and membership products

More than 95% of [Jackson Hewitt's] customer [tax] returns are e-filed

We rent a car every 2 seconds

Failure is not fatal

- Set your standards high
- Set the tone—for the copy and for the project
- Set your style and be consistent
- Set standards for accepting changes (factual, legal)
- Set deadlines, but be flexible

As an annual report editor, you rarely will have the last say on the book—that's for the C-level executives, auditors and lawyers—but you're the one who keeps the whole project on track. You're one of the few, if not the only one, in your company who sees the strategic fit between the annual and all your other communications. And you're the only one who can push forward a distinctive and consistent voice throughout the project. Failure is not fatal, it's just boring.

You may have to compromise from time to time, but you also have to push back when it's appropriate. So...

Set your standards high. You want to emulate the best business writing you can find.

Set the tone—for the copy and for the project. A reader can relate more easily to an informal, conversational style. Save the legalistic prose for legal documents.

Set your style and be consistent: % or percent; serial comma; caps in titles. Don't change horses in mid-stream because an executive got his red pen out.

Set standards for accepting changes (factual, legal, but not stylistic). Here's where you really have to be gatekeeper. And it's good to have someone you can go to as a reality check. Someone more senior than yourself.

Set deadlines, but be flexible. If the CEO is in a bad mood, reschedule your interview. And you should know your CEO well enough to recognize when changes are written in stone...and when he's just testing your commitment to a concept.

Find your Doris and Bertie

- Visualize the reader
- Write to a person
- Make it interesting...and meaningful

One last lesson from Warren Buffet: He begins drafting his letter with the words: "Dear Doris and Bertie." His sisters. It helps him visualize the reader and keeps him on point. It makes it easier to talk about the business in a natural way, without all the corporate-speak or legal qualifiers.

You don't have to get as folksy as that. But it does help to visualize someone actually reading your book. Someone you know. Someone you like. Someone you want to read to the end.

And then do them a favor: Keep it interesting. Don't just tell them what happened. Tell them what it means...and why it matters.

I learned a lesson about annuals early on. I had just brought home my first printed book and handed it to my husband. We sat down on the couch. He opened it up. And out of the corner of my eye, I watched him reading. Then I noticed he was taking an awfully long time on one of the early spreads. *What could he be doing?* Turns out he was sleeping. So...I've learned a very personal lesson about the need to keep the reader engaged ...and awake.

If you can engage the reader long enough so that even a few of your key messages are received...then you'll know you're beginning to find a more effective voice for your annual report.

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