

# The best practice journey

Creating best in class reports is not an easy task. **Julie Wilford** reflects on developing the best practice skill set and key learnings.

Design Portfolio was pleased to be a sponsor at the recent IR Society Best Practice Awards. Congratulations again to everyone that was recognised for demonstrating a strong understanding of clear and consistent investor communications. Whether you were presented with an award, highly commended or simply on the shortlist, the achievement is clear. We are all on a journey.

At Design Portfolio we have been very lucky to partner with a diverse range of quoted companies over the years from AIM and FTSE 250 IPOs including Shield Therapeutics and Zoopla Property Group, through to established FTSE 100 companies such as Admiral. Our experience across a wide range of industry sectors, with each company telling a very different story, has enabled us to gain a unique insight into a variety of challenges and opportunities to develop better reporting for companies of all shapes and sizes.

Whilst best practice can often be regarded as just another 'checklist' by some, the value is increasingly recognised in our industry. Ultimately, of course, it is the clear and consistent communications that best practice guidelines facilitate which increase shareholder retention and attract new investors.



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## Taking the lessons on the road

Drawing on our experience with FTSE 350 firms, Design Portfolio has held a number of workshops across the UK this year, which have often attracted smaller quoted and AIM-listed companies keen to emulate the best practice standards of the Main Market.

At the workshops we have been highlighting communication techniques, reporting initiatives and ways of utilising digital channels to help smaller companies report like the FTSE 350, ensuring that both current and potential shareholders fully understand the strengths, aims and ambitions of a business.

## Roadblocks

So what are some of the intrinsic challenges? During the course of the DP roadshows, a wide range of finance directors, company secretaries, IR managers, FPRs and advisers across the UK highlighted the best practice challenges that their companies and clients were facing most frequently.

Three key challenges and opportunities included:

**The heart of the story:** What is it? This challenge often presents itself through the communication of the business model, particularly for those companies with a complex structure. Questions are raised around what information to include or exclude and how to display this in a clean, concise and understandable layout.

The business model is an opportunity to tell the company's value creation story and articulate and illustrate the 'heart' of the business. It is a great tool to present a company's key components and what makes it stand out from the pack. It should outline prospects and the value they will bring whilst demonstrating how these fuel strategy and long-term growth.

**The risks that matter:** What are they? Our attendees noted that companies are now facing new external challenges including Brexit, cybersecurity and climate change. In a rapidly changing world comes a rapidly growing environment for risk and this has caused concern. Gone are the days when

investors were happy with a laundry list of financial risks.

The risk section of an annual report provides an opportunity to outline how a company has reviewed its own risks and can demonstrate a proactive approach to managing uncertainties. Companies should address how they are mitigating those principal strategic risks such as reputation, know-how and customer relations, ensuring that shareholder value is protected in the long term.

**The digital landscape:** As reporting changes, we are constantly reminded of the importance of digital communications. The challenge arises in understanding current investor behaviour and how this will change over the coming years. The PDF is still the most valued digital format for the annual report online given its searchability and timely and accessible nature.

However, we believe that developing new ways to display annual report content online in a straightforward yet engaging digital format is key. It is crucially important to integrate key AR content into the corporate website. Annual report content is extremely valuable having already benefited from management input and auditors' checks. It is the successful repurposing of this content throughout the website which is paramount. This should not be communicated online in a way which detracts from, or complicates, the user experience.

Interactive elements, including infographics and charts, video and social media integration, provide even more value and reach to a wider stakeholder base. Quick view online reports also offer similar benefits to the PDF with the added advantages of scalable content and increased interactivity across devices. To see an example in action, visit KCOM: <http://ar16.kcomplc.com>.

This digital format offers a top level overview of the printed report in an easy to read, searchable and mobile responsive format which can be viewed by all stakeholders of the business. The content is not solely investor focused but it still provides access to all key areas of the annual report and can link to other areas of the corporate website for further information.

Creating an accessible corporate communications suite, which is informative and engaging, does not have to be a challenge. Best practice is, in fact, your opportunity to build even better investor relationships regardless of your company size. ■