

More CEOs take active role in annual report creation

By Craig McGuire

KALAMAZOO, MI: More CEOs are participating in annual-report production than ever before – making life much easier for their IR minions in the process.

According to a recent poll conducted by Sid Cato (often billed as “Mr. Annual Report”), 86 out of every 100 CEOs actively contribute to the production of their company’s annual report, up from 66% in 1985. And nearly 60% of CEOs have a hand in writing the accompanying letter to shareholders, up from 33%.

“Any CEO who declines to be involved in his or her annual report, and certainly in the preparation of the letter, ought to have his feet held to the fire,” said Cato.

Pros believe that increased media attention has played a major part in drawing the CEO out front. “There’s more business media coverage today,” said George Stenitzer, VP of corporate communications at R.R. Donnelley. “The CEO is the voice of the annual report—not to mention that it includes his signature and photo.”

AFLAC executive writer Jeff Catron added that CEOs who do not participate in annual-report production are taking a serious risk. “It would

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Joint effort... poll found that 86 out of every 100 CEOs contribute to annual-report production

be disconcerting to investors and board members if the CEO leads in one direction and the annual report reflects another,” he explained. Like most IR pros, Catron believes early input by a company’s CEO helps set the tone for the report and cuts down on massive rewrites and thematic changes later in the process.

While most chief executives have enough on their plate without having to microman-

age production of the annual report, some, like Merck’s Raymond Gilmartin, have attempted to strike a balance.

“[Gilmartin] is involved in the whole process, but we try to manage it so that the time burden for him is minimal,” said Merck director of corporate communications Sharyn Bearse. “One way to do this is to involve key senior members of management at each step along the way, so that there are no surprises

when we meet with the CEO.”

It is clear, however, that CEO involvement in the annual report is becoming a mandatory job requirement. “More people will read and request the annual report than any other document a company produces,” said Southern Company manager of shareholder communications Mike Klodnicki. “Any CEO who doesn’t participate is missing out on a great opportunity.”