Tomorrow’s Business Success
Using Integrated Reporting to help create value and effectively tell the full story
A guide for Chairmen, CEOs and CFOs
“The distinction between reporting on value creation and creating value is an important one. Better reporting leads to better understanding which should lead to better value creation.”
Alan Stewart, chief finance officer, M&S

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The challenges...

Why would a company not want to be trusted?

Why would a company not want to be able to better connect the drivers of value across the business and break down internal silos so that they can better identify key risks and make better decisions to ensure that their business model remains resilient?

Why would a company not want to find a better way to communicate to everyone how value is created so that they can build a deeper understanding and a richer dialogue with investors and other stakeholders?

The goal of a company is to create and sustain value in the short, medium and long term but there is an incessant focus on the short term.

Businesses are the engines of value creation. It is through their global footprint and innovative capabilities that many of the challenges we face as a global society will be addressed. And they do this in the context of an increasingly interdependent, volatile, uncertain, complex and ambiguous business environment and one in which trust in businesses is low. If businesses are not making, and seen to be making, a positive contribution to the societies of which they are a part then they will lose trust and value as a result.

But this is also a context where there are huge opportunities to create value through being able to connect and integrate the numerous sources and drivers of value both tangible and intangible. Over the last 30 years there has been a shift in macroeconomic value to a position now where most of the market value of companies lies in intangible assets. Yet many of the practices and processes that account for a company’s assets do not reflect this shift.

Increasingly, businesses are expected to report not just on profit but on their impact on the wider economy, society and the environment. There are numerous other reporting requirements, guidelines and standards in place – but none operate across the breadth of the business and its external context.
How Integrated Reporting <IR> helps meet these challenges

<IR> can be regarded as just another reporting convention or a different way to meet growing compliance requirements. But <IR> is far more than just a reporting framework. It helps a company:

- **create value** – by better understanding and connecting the disparate sources and drivers of long-term value to enable better strategy formulation, decision making and implementation through their business model

- **tell the story** – of how value is created more effectively, both internally and externally, in a succinct way in order to win trust and secure reputation by encouraging better relationships with investors, employees and other stakeholders.

Many companies are already doing the above well – so their reporting aligns well with <IR>.

<IR> provides an umbrella under which other reporting requirements and existing information can be brought together. It provides a framework to help companies engage more effectively with all its key relationships and reflects a shift from a static approach to reporting to a two-way process that seeks continuous improvement.

In short, <IR> helps a business deliver long-term sustainable business success in today’s challenging business environment and is at the forefront of innovation and excellence in corporate governance.

<IR> is a process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time and related communications regarding aspects of value creation. An integrated report is a concise communication about how an organisation’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

(The International <IR> Framework is available at http://www.theiirc.org/international-ir-framework/)
Enclosed in this document is a ‘tool-kit’ designed for chairmen, CEOs and CFOs.

It is designed to inform and stimulate a discussion about how <IR> can help the organisation create value and more effectively tell the story.
This document and the full guide and its associated tool-kit were produced by Tomorrow’s Company with the valuable and significant support of CIMA and was commissioned and co-funded by CIMA and the IIRC.

For further information visit:
tomorrowsbusinesssuccess.com

To help further, the following documents provide more detail about Integrated Reporting and the experience of companies that have implemented it:

- The International Integrated Reporting Framework
  available at: http://www.theiirc.org/international-ir-framework/

- IIRC Programmes
  available at: http://www.theiirc.org/companies-and-investors/

Further information can also be found at:
www.cimaglobal.com/integratedreporting