

Talking to Ourselves?

A Critical Look at Annual Reports
in Foundation Communications

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The COMMUNICATIONS NETWORK provides resources, guidance and leadership to advance the strategic practice of communications in philanthropy. For more information visit, www.comnetwork.org.



The PHILANTHROPY AWARENESS INITIATIVE is a short term R&D project that works with foundations and philanthropy associations to improve communications and outreach to influential Americans. We aim to accomplish this purpose primarily by tracking how influential leaders see foundations and identifying, developing and sharing ways foundations can communicate about their unique role, work and impact in American society.

Better connecting with leaders in government, business, nonprofit and media for greater mutual understanding and impact is a critical opportunity for U.S. philanthropy today. It will help the foundation sector build necessary political support, take promising programs to scale, invite new ideas, and encourage more philanthropy. For more information, visit www.philanthropyawareness.org.



Since 1978, WILLIAMS GROUP has helped organizations serve people through communication design. Williams Group offers strategic planning, brand development, and marketing services. For more information, visit www.wgsite.com.

Project

Philanthropy faces an awareness deficit, according to a survey of engaged Americans. Our question: Are annual reports part of the problem or a solution?

With funding from David and Lucile Packard Foundation, Philanthropy Awareness Initiative and Communications Network in 2007 commissioned Williams Group to research and report on private foundation annual report practices and perspectives. The team looked at the annual report as a communication vehicle. At the time, almost all reports were delivered in print, with a handful of pioneers publishing online.

The team chose not to explore the use of annual reports by community foundations, recognizing that their annual reports are typically designed as development tools for donor and professional advisor audiences. We focused on private foundation annual reports, which do not share this communication objective.

In 2008, the team posited that while print annual reports were once a valued medium that helped increase foundation transparency, new online media, with its capacity for ongoing updates, had supplanted the need for once-a-year publications. With websites serving as the primary source of foundation communications, it appeared the cost of highly produced annual reports had exceeded the benefits. Our research appears to confirm this.

The findings and conclusions were first delivered at The Communications Network annual conference in Chicago in September 2008, in a plenary session titled "Is the annual report nearing extinction? Should it be?" The session ended with a lively conversation that revealed divergent opinions about the role of annual reports.

Created in 2010, this report and accompanying website build on that discussion and offer new insights designed to foster continued dialogue on the subject. With new advancements in online and mobile communications, and added concern about using financial and natural resources wisely, we believe the topic is as relevant as ever. Our goal is to provide a forum for professional dialogue, while equipping communication practitioners who seek to make more strategic use of communication resources with research findings, peer perspectives and facilitation tools.

We relied on the following sources for our audience research:

Engaged Americans survey fielded by Harris Interactive for Philanthropy Awareness Initiative
Foundation Communications: The Grantee Perspective from The Center for Effective Philanthropy

We relied on the following sources for our practitioner research:

Survey of private foundation communicators fielded by Williams Group

Interviews with private foundation communicators conducted by Williams Group, listed here with their roles at the time of the interviews:

Josh Daniel, Senior Advocacy Officer
Bill and Melinda Gates Foundation

Alfred Ironside, Director of Communications
The Ford Foundation

David Morse, Vice President, Communications
The Robert Wood Johnson Foundation

Eric Brown, Communications Director
The William and Flora Hewlett Foundation

Dianne Price, Director of Public Affairs
W.K. Kellogg Foundation

Andy Solomon, Director of Public Affairs
John D. and Catherine T. MacArthur Foundation

Peter Costiglio, Director of Communications
Rockefeller Foundation

Dana Shelley, Director of Strategic Communications
Annie E. Casey Foundation

Cynthia Shaw, Communications Director
Kresge Foundation

Charity Perkins, Director of Communications
The Duke Endowment

Marilyn LeFeber, Vice President, Communications
Charles Stewart Mott Foundation

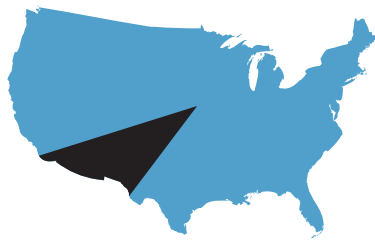
Larry Meyer, Vice President, Communications
John S. and James L. Knight Foundation

Wendy Guillies, Vice President of Communications
Ewing Marion Kauffman Foundation

Daniel Silverman, Director of Communications
The James Irvine Foundation

Findings

#1 LIMITED REACH WITH ENGAGED AMERICANS

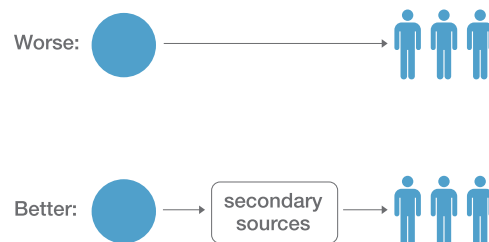


A survey commissioned by the Philanthropy Awareness Initiative posed questions to individuals who have held a leadership, committee or board-level role in an organization working on community or social issues. These “engaged Americans” are not the general public but a far narrower slice of the American adult population—making up just 12 percent.

Important constituents for foundations in their own right, these engaged citizens are also the key influencers of decision makers in government, business, news media and nonprofit institutions. For these reasons, they are a **primary external audience** for the philanthropy sector.

Secondary is primary

Their take on foundation communications? According to the survey findings, these engaged Americans were more likely to have read or heard information about foundations in the past year from secondary sources—such as word-of-mouth, nonprofit organizations and newspapers—than directly from foundations.

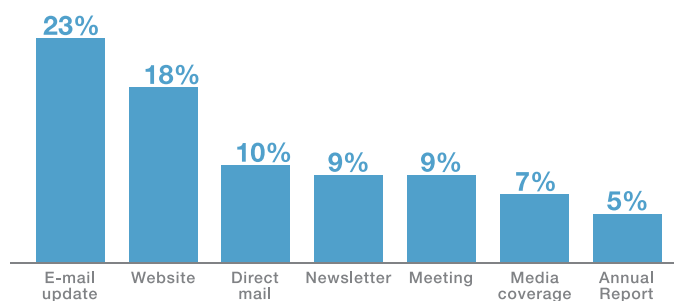


In seventh place

When asked to identify the primary sources of foundation information they read or heard over the last year, engaged Americans identified six primary sources they used more than the annual report.

1. brochure
2. publication
3. website
4. electronic newsletter
5. presentation
6. meeting
7. annual report

When asked how they would *prefer* to receive information, engaged Americans cited email updates and websites most. They also chose direct mail, newsletters, meetings and media coverage before annual reports.



Reaching 3 in 1,000

Engaged Americans were asked if they had read an annual report during the last year.

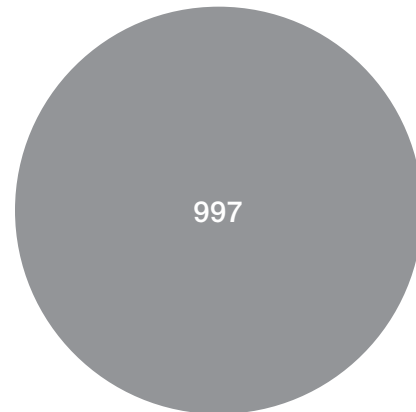
- 25% said one.
- 14% said more than one.

At first glance, this data might suggest that a foundation faces a 39% chance that an engaged American has read its annual report over the last year.

But it's not that simple. Here's why:

- More than 70,000 foundations are in the United States.
- Let's say that 500 of them produce annual reports (a low estimate).
- And let's say that when engaged Americans read more than one annual report over the last year, they read 10 annual reports (a high estimate).
- Against those assumptions, the chances that an engaged American would read any single foundation's annual report are far less than 39%. In fact, they are closer to .30%.
- In other words, a foundation producing an annual report can expect that only about 3 out of every 1000 engaged Americans will read it.

•
3



Source: *Harris Interactive survey for Philanthropy Awareness Initiative*

#2 LIMITED REACH WITH GRANTEES

Engaged Americans are not the only ones that annual reports aren't reaching. Compared to other information sources, foundation annual reports have limited reach with their own grantees.



In fact, "grantees perceive annual reports to be much less helpful in learning about foundations than published funding guidelines, foundation websites, and individual communications and group meetings with foundation staff."

Source: *Foundation Communications: The Grantee Perspective* from the Center for Effective Philanthropy

#3 LITTLE EVALUATION



Of the private foundations surveyed with assets of \$500 million and above—those with the greatest resources to invest in communications—just 15% had conducted reader surveys to assess the effectiveness of their annual reports.

The rest relied on anecdotal feedback and comments and/or website traffic, or they made “no attempt to assess effectiveness.”

Source: Williams Group survey of private foundation communicators

#4 LOTS OF OBJECTIVES, ONE VEHICLE

Foundation communicators cited a broad range of objectives for their annual reports, including documenting compliance, providing background, communicating intention, citing activities, conveying results, and sharing knowledge.



According to our survey of practitioners, the most important communication objectives were:

- Share financial information transparently (81%)
- Advance mission of organization (80%)
- Communicate grantmaking priorities (78%)

Among the respondents from \$500 million+ foundations, “communicate vision of president/CEO” ranked highly as well.

Interviews with foundation communicators captured a range of perspectives as well about the objectives for annual reports in an era of streaming information.

Introducing the work

*“It **introduces** people to the foundation... how it functions, what our philosophy is.”*

*“An annual report shouldn’t be a victory lap; it should be a **signaling device**.”*

*“People who respond to us when the annual report comes out are some of the most **influential people**... supreme court justices, corporate CEOs, high-level people... and they are not going to be looking at our website. When the print report arrives, if you can cut through and get them to hold it in their hands, even for a minute, you’ve made an impact. It doesn’t mean you keep producing 10,000 copies, but it does mean there’s a role for that tool.”*

*“It’s all about dissemination of knowledge and information. It’s one of the most important ways to share our goals and accomplishments... what program is doing, **get people talking** about it.”*

Making sense of the work

*“It’s a **unifying force**, a tool for presenting the coherent whole of an organization typically fragmented by different program areas.”*

*“It’s our signature piece. We use the annual report to **set the tone** for communications for the year.”*

*“Its most effective use? The **articulation** of goals, philosophy, work as seen through various program accomplishments.”*

Documenting the work

*“**Transparency** is important and sharing information is important.”*

*“The annual report is about **codifying** what the foundation has done.”*

*“The annual report, as a **retrospective**, represents a point in time. It may not reflect where the foundation is going forward. It’s still necessary as a document, but what it comprises and how you deliver that content has changed.”*

*“Foundation annual reports have a different purpose from those for a for-profit company, which is required by law (either SEC or state version) and is really for investors. Foundations don’t have investors in the same way. Our chief constituents are **grantees** and prospective grantees.”*

*“The **grants list** is the *raison d’etre*... why we do it. Aside from the financials anyway, and the financials are all about those grants.”*

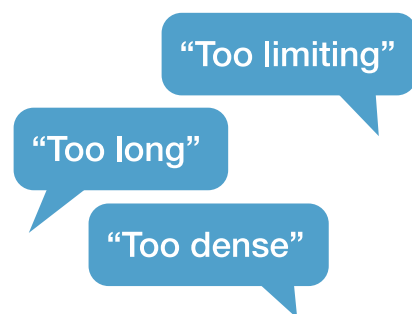
With so many objectives envisioned for one vehicle—it’s no wonder that some foundation communicators question the strategic value of the annual report.

Source: Williams Group survey of private foundation communicators; William Group interviews with private foundation communicators

#5 PRACTITIONER CRITICISMS

Interviews with foundation communicators revealed some critical perspectives of annual reports. At the time of the interviews, 99% of foundation annual reports were still delivered as print publications, so most responses focused on printed reports.

Some practitioners said they found the annual lens of yearly reports limiting since, in their opinion, social change does not occur in 12-month increments.



Many criticized annual reports—others' and their own—as too lengthy and wordy, dense with jargon and heavy on text.

Several noted that in less than two decades, communication behaviors, expectations, patterns and needs have changed radically. “People just don’t read any more,” said one communication director. “They don’t have time.” Inundated with messages, images, texts, words, pictures, slogans, logos, newsfeeds and emails all day every day, their eyes and brains continuously filter information. Deleting messages becomes the default; opening them the exception.

Modern audiences, including engaged Americans, don’t wait for news any more. “When I’m interested in what a foundation is doing, I go online, I use the network of people I know,” said one communication director. “I usually don’t refer to the annual report.”

Today’s audiences send and receive, process and pitch, peruse and reject... all day long. Several practitioners believe that rather than tackling in-depth publications, target audiences set them aside. “It’s a cumbersome tool for a narrow audience,” said one executive. “Annual reports have a very small audience of truly interested people; no one’s waiting for them to arrive.”

“I don’t get the feeling that there’s a huge amount of anticipation and expectation for our annual report,” said another professional. “It’s just something communications does every year, not something people clamor for.”

Here’s what a few more practitioners had to say:

“I think it’s well done, but I don’t think people pay attention to it, or read it.”

*“The day that the annual report could do it all is long gone. A **static publication** is just not fast enough.”*

“People do not read. Even for policymakers, papers must be less than five pages.”

*“My experience is that 90-95% of annual reports **go in the trash** within 10 minutes of looking at them.”*

*“People’s **attention spans** have changed. Everywhere we’re bombarded with media. We are in a competition for people’s time and attention. Even people who are highly motivated: grantees and program managers and media... still do not have much time to read.”*

Source: Williams Group interviews with private foundation communicators

#6 POWER OF INERTIA



Communication directors were asked how their foundation determines if it will develop an annual report each year. Of the 20 directors representing private foundations with assets of \$500 million and above, 17 said “we always produce an annual report.”

In other words, producing an annual report is taken as a given, never questioned as part of a communications planning process.

“It’s nice to have an annual report, but if we didn’t have one, would we be less effective as a foundation? I’m not sure.”

But a few are moving in new directions. “We’re in the process of producing the smallest annual report ever,” said one executive. “It will be interesting to see how it’s received. Part of our decision is the opportunity other media offers to tell our story effectively.”

*“As practitioners in this field, we have really had to change... it’s been challenging for many of us... including me. The challenge of YouTube and social networking sites that we’ve just started to explore... **it’s alien territory** to me... but it’s an opportunity to learn.”*

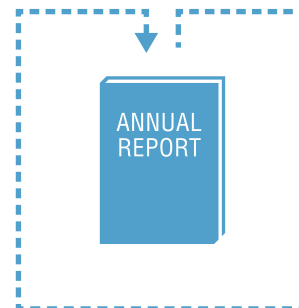
Source: Williams Group survey of private foundation communicators; Williams Group interviews with private foundation communicators

#7 VALUABLE ON THE INSIDE

Many communication practitioners interviewed and surveyed said that annual reporting created significant internal benefits for their foundation, prompting a regular chance for reflection, creating a communications discipline, and generating new content that can be repurposed in other vehicles.

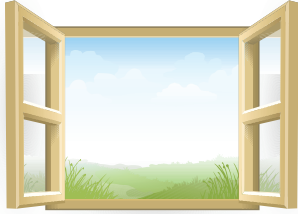
“Our leadership enjoys publications more than our general audience.”

*“Sometimes it seems that we don’t understand ourselves. But when we tell stories about our work, and put those stories together in one place, it helps us understand ourselves a little better. It **makes people proud** internally.”*



Source: Williams Group survey of private foundation communicators; Williams Group interviews with private foundation communicators

#8 STRENGTHENS TRANSPARENCY



Communication practitioners indicated that annual reporting continues to be a critical component of maintaining transparency and accountability to external and internal stakeholders.

*“A big part of transparency is **simplifying** and communicating grantmaking guidelines.”*

*“Putting all of our grants on paper like this is a statement of transparency and accountability... it’s making it visible, on paper, conveys a **certainty of purpose**. That’s a big job of the annual report. Another big job is to make sense of the 2,000 grants... what is the mission and purpose that underlies the 2,000 grants... the meaning and coherence. The annual report illuminates the values that bring coherence and meaning to all those grants.”*

*“We’re trying to make a **stronger connection** between what the needs are and how our funding addresses them.”*

Source: Williams Group interviews with private foundation communicators

#9 BUDGET DRAIN

Much of the debate about annual reporting focuses on the extent of their benefits. But there’s also the big issue of cost. While we weren’t able to get reliable survey data on how much foundations invested in annual report development and production—most chose not to share that information—many questioned the cost-effectiveness of what can be extremely expensive investments.



*“We probably spend more on them than the value derived. It would be **hard to justify** what we spend on this. In this day and age it would be hard to assert that we are getting value for the dollar on the published annual report.”*

“Transparency is important and sharing information is important... but I’m not sure we have to do it in 48 pages of heavy stock paper with full-color photography.”

*“Annual reports represent a **considerable expenditure**. I’m not sure you get the return on that investment that you would expect.”*

*“**Less value** than major coverage in traditional, major media outlets and the foundation website.”*

Some, however, see great value.

*“An annual report tends to be a flagship that **sets a tone** for all the other messages for a year. It’s useful in developing a coherent theme for a year. ”*

*“I think they are a good investment if not excellent, and if you look at them as content that can be **leveraged in multiple environments**, they have more value. The print deliverable is just one mechanism. We post online in HTML, and also make available as online PDF or hard copy that can be ordered.”*

Source: Williams Group interviews with private foundation communicators

#10 CORPORATE SECTOR SPENDING LESS



Foundations can take a cue from the corporate sector, which is significantly decreasing its investment in annual reports. More and more companies are downsizing from glossy annual reports to 10-K wraps (their 10-K reports plus a few pages of content). According to the National Investor Relations Institute, by 2002, 16% of companies had switched to 10-K wraps; by 2006, that number had risen to 54%.

One company, Invitrogen, told Slate Magazine how it made a video annual report and made short print annual reports available only to shareholders who requested it. They estimate the shift saves about 325 trees.

Source: “Ditch the Annual Report!” from Slate Magazine

Conclusions

Hope for awareness

Hope for awareness \neq Cause for investment

In this day and age, when it's possible to target and measure, hope for increasing awareness simply does not merit major investment in any communications vehicle—including an annual report. Strategic communications start with strategic objectives. (See *Communication Objectives* on page 16).

Hit or miss

Hit or miss =
miss

Hit or miss publications are, in most cases, a miss.

Clearly, the concept of targeting is not new. But the ways we can target today are radically different from what they were just a few years ago.

Annual reports are not targeted. It's like the tried and true analogy of shooting with a rifle vs. shooting with a shotgun. With a shotgun, you're likely to hit something, but it may not be what you were aiming for. A rifle does a much better job of hitting the right target. By their very nature, annual reports represent a lot of investment in shotgun communications.

1980 vs. 2010

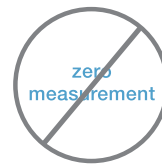
1980 » general summary publications

2010 » targeted purposeful communications

Times have changed. For the communication channels that were available in 1980, general summary publications were appropriate and useful. But for the communication channels available in 2010, they fall short.

Today, foundation websites function like these general summary publications. They worked in 1980. Today, not so much.

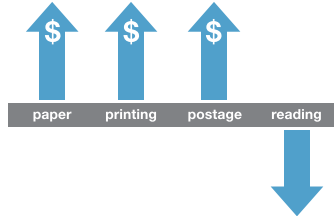
Zero measurement



Zero measurement of communications is like smoking on airplanes. It's just not OK anymore.

At one time, you could beg off by saying it's too expensive, it's just not practical, we don't have time. Today, with new electronic tools, it's easy, it's cheap and it's very doable. For annual reports, a reader survey should be considered the bare minimum of measurement. (See *Readership Survey* on page 21).

Reading slide



Today, with printing, we can say it's too expensive, it's not practical, we just don't have the money. Costs are soaring and, at the same time, reading is plummeting. In general, people read less than they used to. They have grown accustomed to quicker, easier forms of communications: videos, podcasts, and Google searches.

Green walk and talk

environmental policy  print materials

Most foundations have environmental policies. Those policies should help guide investments in print materials. As communicators, we should be walking the environmental talk, not destroying more trees with it.

External audiences

External audiences
do not value
annual reports :-|

A key conclusion is this: the vast majority of engaged Americans and grantees—the audiences traditionally targeted by foundations—do not value annual reports. And we're sorry about that. We've all been invested in these publications. We wish it were not true. But it is.

Internal audiences

annual reports:  internal audiences

External audiences may not value them, but internal audiences love annual reports. With most annual reports, we may be talking to ourselves. And there's nothing wrong with that.

But if annual reports are essentially internal communications, our investments of staff time, vendor fees, and production costs should reflect that.

Tools

Internal Assessment

Evaluate the performance and relevance of your annual report

Consider planning two 90-minute work sessions with key stakeholders to discuss the questions posed below. To help non-communicators understand the link between objectives and tactics, consider sharing *Communication Objectives* (page 16) before the sessions, and refer to it for ideas. You may choose to adapt it to your specific circumstances before sharing it with your colleagues. Take copious notes, and assign one or two staff persons the task of reporting findings, additional questions and conclusions in writing. Use this written report and accompanying website to guide future decisions about the role of the annual report in your communications planning and budgeting.

Source: Williams Group

<p>Define organizational objectives</p> <p>How well has the annual report been used to reinforce the mission of the foundation?</p> <p>How well has the annual report been used to reflect and advance the brand of the foundation?</p>	
<p>Define communication objectives</p> <p>What has the annual report been expected to accomplish with its target audience?</p>	
<p><i>document compliance</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> record transactions <input type="checkbox"/> publish grants list <input type="checkbox"/> publish financial statements 	<p><i>cite activities</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> report grantmaking stories <input type="checkbox"/> highlight work of grantees <input type="checkbox"/> inform policymakers
<p><i>provide background</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> honor founder <input type="checkbox"/> share history <input type="checkbox"/> state mission 	<p><i>convey results</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> highlight grantmaking successes <input type="checkbox"/> admit grantmaking challenges and lessons <input type="checkbox"/> analyze impact of grants
<p><i>communicate intentions</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> articulate strategies <input type="checkbox"/> invite new grantseekers <input type="checkbox"/> generate proposals better aligned with foundation's mission 	<p><i>share knowledge</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> foster collaboration among funders and stakeholders <input type="checkbox"/> facilitate knowledge-sharing among grantees <input type="checkbox"/> expand impact of foundation grants <input type="checkbox"/> present insights to inform public policy <input type="checkbox"/> advance mission of foundation
<p>Define other requirements</p> <p>What other requirements has the annual report addressed?</p> <p>Other mandatory information included?</p> <p>Has it been connected to other projects or communication products? Has content been repurposed for other communications?</p> <p>How have any connections affected design and use?</p>	

Identify relevant audiences

To whom has the annual report been addressed? Rank in order of importance.

- | | |
|--|---|
| <input type="checkbox"/> trustees (internal) | <input type="checkbox"/> partners (other organizations, universities, etc.) |
| <input type="checkbox"/> staff (internal) | <input type="checkbox"/> policymakers (elected and staff) |
| <input type="checkbox"/> grantees | <input type="checkbox"/> press (mass and Internet media) |
| <input type="checkbox"/> peers (other foundations) | <input type="checkbox"/> public |
| <input type="checkbox"/> other | |

Understand audience perceptions

What is the current knowledge/attitude of primary target audiences?

What is the current awareness/perception of "engaged Americans"?

What knowledge/attitude is desirable?

What is the interest of target audiences?

What is the expectation of target audiences?

What do we know about their preferences for receiving information?

Measure effectiveness

What are the qualitative measures of success for the annual report? How have we done based on those measures?

What are the quantitative measures of success for the annual report? How have we done based on those measures?

Examine budget

What is the budget for the annual report?

concept – writing – design – photography – printing – programming – mailing

What percentage of the communication budget does this represent?

Given other communication needs, is this an appropriate expenditure?

Assess possible alternatives

What other communication approaches should be considered as complements or alternatives to the foundation annual report?

- | | |
|--|---|
| <input type="checkbox"/> foundation website | <input type="checkbox"/> issue briefs |
| <input type="checkbox"/> annual report microsite | <input type="checkbox"/> white papers |
| <input type="checkbox"/> syndicated feeds from website | <input type="checkbox"/> foundation overview brochure |
| <input type="checkbox"/> print or e-newsletter | <input type="checkbox"/> foundation blog |
| <input type="checkbox"/> retrospective grant reports | <input type="checkbox"/> white papers |
| <input type="checkbox"/> funding strategy guidelines | <input type="checkbox"/> online social network |
| <input type="checkbox"/> other | |

What content from the annual report might be communicated more efficiently or effectively online? As video? As audio (e.g., Podcasts)? Via cell phones or PDAs?

What content from the annual report should be printed and archived each year?

What content from the annual report might better be communicated on a non-annual basis: perhaps quarterly, biannually, or every five or 10 years?

What content from the annual report could go away entirely?

Communication Objectives

Integrating new channels and tactics

The chart below shows the continuum of annual report objectives—including possible audiences and other tactics to consider—cited by foundation communication experts. The list of alternative channels and tactics is not exhaustive; executive letters, events, media relations and more may also be considered.

Source: Williams Group

Private Foundation Communication Objectives Cited for Annual Reports	Audiences	Alternative Channels and Tactics
document compliance: record transactions publish grants list publish financial statements	trustees staff grantees	print annual report online annual report searchable grants database online financial highlights online grants list
provide background: honor founder share history state mission	grantees prospective grantees	website print brochure
communicate intentions: articulate strategies invite new grantseekers generate proposals better aligned with foundation's mission	foundations academe associations social media	funding guidelines
cite activities: report grantmaking stories highlight work of grantees inform policymakers	foundations academe associations social media policy media government staff elected officials	grant database grant reports grant analysis grant evaluations stories of transformation story podcasts
convey results: highlight grantmaking successes admit grantmaking challenges and lessons analyze impact of grants ----- share knowledge: foster collaboration among funders and stakeholders facilitate knowledge-sharing among grantees expand impact of foundation grants present insights to inform public policy advance mission of foundation	grantees prospective grantees foundations academe associations social media policy media government staff elected officials engaged Americans prospective philanthropists mass media	funding strategy briefs program analysis portfolio updates replicable models policy briefs policy updates via RSS program updates via RSS wikis for grantee communities wikis for funder collaboratives wikis for academics

Discussion Topics

In addressing the role and purpose of annual reports, communication experts interviewed and surveyed by Williams Group express diverse points of view on multiple issues. Some love annual reports and can't imagine life without them. Others believe they are a tremendous waste of time and money—resources that could be better spent in other ways. Some see them as the bedrock of foundation communications. Others are convinced that most annual reports are tossed without a second glance, and nothing would be lost without them.

Each point of view, however divergent from the rest, has validity. And every point of debate prompts strategic questions for trustees and staff about the role of annual reports in foundation communications.

Following is a series of topics for discussion, created for foundation board or senior staff meetings. Making good choices about communication expenditures requires clear strategy and in-depth knowledge of new media and channels. This guide features seven issues that are currently subjects of debate in the field: each includes a brief description, outlines differing points of view, and includes strategic questions to guide discussions.

Source: Williams Group

DISCUSSION TOPIC 1

Published grant lists: evidence of good work or statement of good intentions?

When a private foundation publishes its list of grants in an annual report, some see it as solid, tangible evidence that the foundation is fulfilling its legal requirement to disburse at least five percent of net investment assets as charitable and administration distributions.

“Grant awards are important transactions, the tangible evidence of our work, and should not be minimized.”

Others believe printing an annual grant list reflects old, out-of-date thinking: that communicating grant transactions is sufficient proof of good work. Rather, they believe that grant lists should reside in searchable, online databases as factual reference information, and other materials should be developed to interpret and convey the results of past transactions, as well as goals for future grantmaking.

“Grant lists convey good intentions instead of good results, and should not be the focus of communications.”

STRATEGIC QUESTIONS TO DISCUSS

Which stakeholders benefit most from annual reporting of grant awards?

Given current communications technology, what is the most appropriate way to document foundation compliance and publish grant transactions?

Should grant transaction reports include:

- Statements of underlying needs?
- Clear articulation of funding objectives?
- Historical review of related grants?

What's the best way to communicate the results of foundation grant awards?

How can stakeholders learn from foundation grantmaking experience and results?

DISCUSSION TOPIC 2

The timeframe: communicating a year's worth of activity vs. conveying long-term results

Annual reports are the major publication for most foundations, and the work of foundations is social change. Achieving social change, however, rarely occurs within a calendar year, and is never a 12-month project. Still, some believe that the annual report is the best vehicle for communicating impact and results.

"The annual report is our best opportunity to tell transformational stories."

Others believe that capturing content through an annual lens limits the scope of reporting, and excludes major, long-term projects and initiatives.

"An annual report may not be the best vehicle for reporting transformational change."

STRATEGIC QUESTIONS TO DISCUSS

How can we use annual reports to communicate transformational change?

Given current communications technology, what is the most appropriate way to tell stories of transformation? Print or online? Text or video? Unsolicited or syndicated? Static or dynamic or interactive?

What's the best way to communicate long-term transformation?

DISCUSSION TOPIC 3

On paper or online: the value of permanence vs. the value of speed and flexibility

Annual reports have historically reported on financials and transactions for a single year. Since the 1970s, documenting and publishing one calendar year's financial statements and grant lists in a printed annual report has been considered an essential part of foundation transparency and accountability. Some believe this is still important.

"Printing this information each year is an important discipline to maintain, both for current accountability and for historical documentation."

Others believe that the practice of documenting all this information in print is a waste of resources.

"It makes the most sense to move this information to the web to accelerate distribution and increase access."

STRATEGIC QUESTIONS TO DISCUSS

How can we use both print and digital media to their fullest?

Private foundations, such as the Ford Foundation and The James Irvine Foundation, have searchable grant databases on their websites. Does this fulfill the same communication objective? Or is there still value in committing ink to paper once each year and publishing a comprehensive list of all grants?

Given current communications technology, is the annual report the most appropriate vehicle for the grants list?

DISCUSSION TOPIC 4

Audience impact: powerful publications vs. unrealistic expectations

Annual reports appeal to some more than others.

Some see them as opportunities to attract readers and influence perspectives, asserting that annual reports reach a lot of people who would never connect with a website.

“The challenge is to get people wrapped around the content. When done well, the graphics package and the language can motivate the reader to take time, continue reading. We have to make it easy with a logical structure and intuitive design.”

Others see them as one-hit wonders with minimal potential for impact. Many believe the vast majority are never read.

“It’s unrealistic to think one single annual report could catch the eye of someone, pique their interests, motivate them to think about it and pursue other information to confirm or invalidate their impression.”

STRATEGIC QUESTIONS TO DISCUSS

How much can we expect one publication to accomplish?

How can this publication advance our mission?

Is it realistic to think that well-designed communications have the potential to change perspectives and possibly even behaviors?

DISCUSSION TOPIC 5

Reaching prime audiences: does the end justify the means?

Most professional communicators believe that compelling stories and articles are key to communicating foundation mission and results, and ultimately engaging target audiences. To reach the most elusive and valuable audiences, some consider a premier print piece with such stories as the most likely vehicle to succeed. They believe people at the upper echelons of influence are not likely to visit a website to learn about a foundation, but they might browse through an attractive print publication.

“Savvy foundation communicators use the annual report to reach elusive audiences and as an anchor communication: it provides the foundation’s communication theme, content and visuals for an entire year. Text and images are repurposed in multiple ways, leveraging the annual report investment.”

Others say occasionally hitting an elusive target does not justify the cost of producing high-end print reports.

“Many private foundation annual reports have become overblown print productions that consume a disproportionate share of communication budgets, and do not optimize the use of communication vehicles available today.”

STRATEGIC QUESTIONS TO DISCUSS

Are we telling the right stories to the right audiences through the right vehicles?

Given current communications technology, how can we help grantees and others tell their stories and convey the transformational results made possible by foundation investments?

How can we engage critical stakeholders effectively?

DISCUSSION TOPIC 6

Purpose: reporting the past vs. signaling the future

Annual reports are most read by current and prospective grantees, who want to know what the foundation is supporting and how to access financial resources. That's why the most-read section of foundation annual reports is the grants list, but the grants list is simply a summary of past activities, not a statement of future priorities. Many believe this is working fine.

"The annual report is still the best way to share this information."

Others think it's time to be more explicit, clear and direct in conveying goals, priorities and funding opportunities.

"Alternative publications, such as a guide to program resources, might be more useful."

STRATEGIC QUESTIONS TO DISCUSS

Realizing that grant seekers comb through last year's grant lists in search of clues about future funding priorities, how could we better communicate interests and intentions? What other communication might be a more effective alternative?

Should we develop more targeted communications for certain stakeholders, such as grantees and engaged Americans?

DISCUSSION TOPIC 7

Deploying resources: traditional print publications to interactive online powerhouses

In 1970, foundation annual reports represented an effective way to communicate with constituents and stakeholders. By 2005, websites had become the primary communication vehicle for most organizations. Across industries, publication budgets have decreased as electronic and digital media budgets have increased.

"Only in the last two years has anyone outside of communications even cared about the website. Now our CEO says this is the main vehicle for communicating about the foundation. Not the annual report, not reports, not magazines, news releases. The web is THE vehicle."

It appears that budgets are rapidly trending toward more interactive, online communications.

"We're in the process of producing the smallest annual report we ever have (grants listing, program area overview and structure, financials, staff and trustees list, message for year). It will be interesting to see how it's received. Part of our decision is the opportunity other media offers to tell our story effectively."

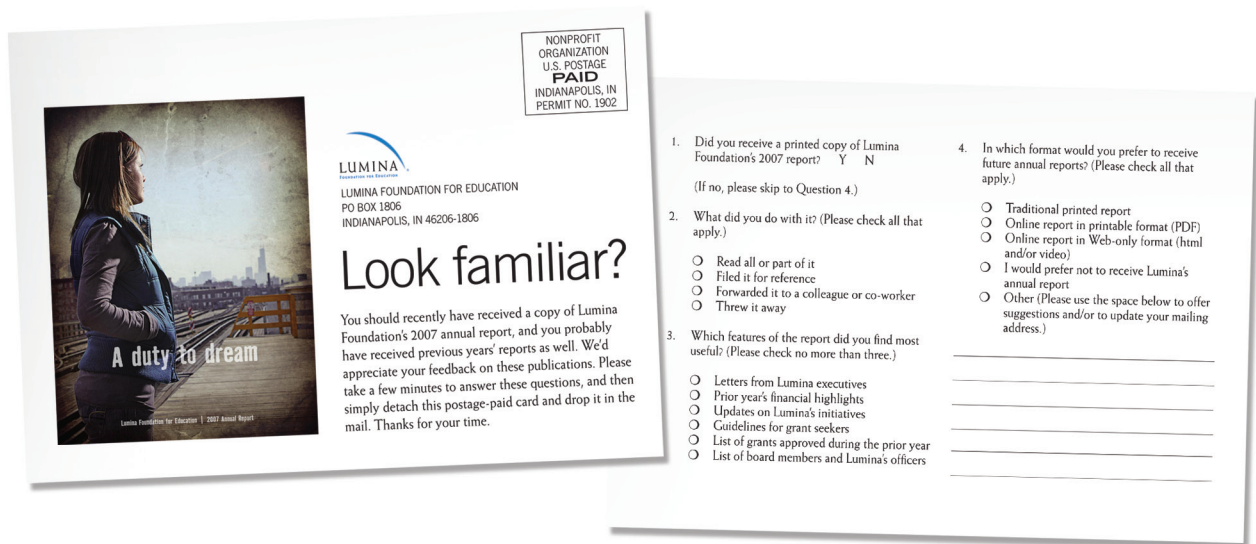
STRATEGIC QUESTIONS TO DISCUSS

What are the top three communication objectives for our organization for the coming year?

How can we best deploy our resources (time and money) to achieve those objectives?

Readership Survey

Consider a readership survey to understand the interests and needs of your audience when it comes to your annual report. Below is just one example from the Lumina Foundation for Education.



As you can see, Lumina's survey was a postage-paid postcard mailed to 6,935 recipients in May 2008 (two weeks after they had received the foundation's printed report for 2007).

The foundation received 391 responses—an admittedly small response rate of about 6 percent, but one that represented a cross-section of Lumina's mailing lists and was therefore deemed an instructive and useful sample.

The lesson for other communicators? Dave Powell, Lumina's director of publications, shared:

"Just do the survey work. Don't assume you know what your audience wants. If you want to be responsive and give readers what's helpful, ask them what they want. That way at least you can balance what they want with what you can provide."

Source: *"To Publish or Not Publish Its Annual Report, Lumina Foundation Doesn't Guess What Readers Want, It Asks What They Think"* from the Communications Network blog