This briefing is for business people and managers who want to understand more about a new direction in business information communication called ‘Holistic Reporting’. This briefing will introduce the background to Holistic Reporting and outline ten key characteristics of Holistic Reporting. Any business concerned with improving their stakeholder communication should find this briefing useful.
Introduction

Today, most businesses communicate with their stakeholders through their annual reports. Some companies produce a traditional annual report focused on financial performance and supplement this with a separate sustainability or corporate social responsibility report (CSR). There is also some movement towards organizations producing a single annual report that combines both in a single document. The so-called ‘One Report’ evangelized by Eccles and Krzus.

Holistic Reporting leverages this momentum and takes it a significant leap forward.

The Start Point

The debate about the future of corporate reporting has been going on for decades. What has turbo-charged the debate in the last few years reflects the response to global financial scandals and global recession. It also reflects global recognition of the importance of corporate sustainability in the context of climate change and our mutual environmental responsibilities. This has led to increased calls for more transparency in corporate reporting and more attention paid to risk recognition.

Specifically, the response to calls for greater transparency have included the definition of sustainability indicators, notably those of the Global Reporting Initiative (GRI), an interest in ‘integrated’ and ‘connected’ reporting, and renewed focus on the idea of the ‘triple bottom line’ (people, planet, profit). These responses are all synergistic with the idea of Holistic Reporting, for example:

Vision - The Global Reporting Initiative’s (GRI) vision is that disclosure on economic, environmental, and social performance becomes as commonplace and comparable as financial reporting, and as important to organizational success.

Mission - GRI’s mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of the GRI Sustainability Reporting Framework.


The GRI’s sustainability-focused indicator sets are not the only ones available but they do have significant and growing global market support and momentum.

The concepts of integrated and connected reporting are also fully embraced by Holistic Reporting:

Integrated reporting begins with a single document, One Report, combining an organization’s financial and nonfinancial (environmental, social and governance) performance and illuminating the relationship between the two. But it also extends beyond a paper document, utilizing the Internet to facilitate the integration of performance reporting, as well as provide detailed information of particular interest to different stakeholders.


A connected report should be focused on the needs of long-term investors and executive management. Reported information should identify and explain the
connection between the organization’s strategic objectives, the industry, market and social context within which the business operates, the associated risks and opportunities it faces, the key resources and relationships on which it depends, and the governance, reward and remuneration structures in place. Further, it should explain the connection between delivery of the business’s strategy and its financial and non-financial performance.


Holistic reporting is not an addition to or replacement for any of the above. Rather, as its name suggests, it is an idea that embraces all of these approaches to deliver on their promise in a practical way. In fact, all three of the supporters of these approaches are set to collaborate on defining some kind of new global reporting ‘framework’ for adoption by businesses worldwide through the newly convened International Integrated Reporting Committee (IIRC). But Holistic Reporting is less about the definition of frameworks and more about communicating information as effectively and transparently as possible.

Defining Holistic Reporting

Holistic Reporting can be concisely defined as ‘intentional transparency’. Many commentators agree that transparency engenders trust so in this context, intentional transparency is a proactive decision by an organization to communicate with its stakeholders in an authentic, trustworthy way.

Holistic Reporting reflects an intention to tell it like it is.

Holistic implies a concern with ‘wholes’ or complete systems rather than with ‘parts’. The obvious analogies are holistic medicine’s concern with the whole person rather than a specific illness or James Lovelock’s Gaia perspective of the earth as a self-regulating holistic system.

Holistic Reporting embraces information parts in the context of information wholes.

Holistic also implies interdependency of parts within a whole. Parts belong to a whole and the whole comprises a set of connected parts. Separating or ‘siloing’ information only helps to devalue it and introduce the possibility of opacity.

Holistic Reporting surfaces information inter-dependencies.

There’s no doubt that a holistic approach to reporting also introduces some difficulties. Complex organizations generate a lot of data and a lot of potential interconnections. In order to understand this complexity it can be helpful to break it up into parts and analyze them in isolation. In business intelligence jargon this is similar to the debate around the use of an enterprise-wide data warehouse versus line-of-business datamarts. However this difficulty is essentially a scoping issue. Holistic reports don’t have to cover everything, only what matters to the organization’s stakeholders.

Ten Characteristics of Holistic Reporting

1. Holistic Reporting is Holistic

Holistic Reporting intends to reflect the whole of your organization. So it ‘integrates’ both financial and non-financial data and it makes a point of surfacing and evidencing how this data is ‘connected’.
Holistic Reporting intends to service the whole of your information stakeholder community – not just the investor relations (IR) stakeholders, important though they are. Before even starting to think about Holistic Reporting it is important to ask yourself this question: What is the scope of my stakeholder community and what information does each stakeholder group need from my organization?

Holistic Reporting intends to engage the whole of your business not just management or executives. The primary beneficiaries of holistic reporting are external stakeholders but equally valuable beneficiaries are those internal employees who by their involvement with the holistic reporting process (i.e. as operational data providers) become more engaged with the vision and values of the organization.

2. Holistic Reporting is an Approach Not a Framework

The aim of Holistic Reporting is not to create some all-encompassing framework for corporate reporting that businesses must adhere to. Organizations can leverage whatever framework they like to deliver Holistic Reporting, the point is to deliver Holistic Reports that provide value.

For example, delivering a GRI sustainability report based on their indicator framework is commendable. But this is not a Holistic Report if the results are not integrated and connected with other organizational information. Step 1 is to use a framework (e.g. the GRI). Step 2 is to report verifiable data based on that framework (e.g. a GRI indicator). Step 3 is to integrate and connect that data holistically.

3. Holistic Reporting is Continuous

Transparency is not an annual event. You can’t deliver transparency via a single report published annually. True transparency demands continuous access to what the organization is doing: day-by-day, week-by-week, month-by-month, quarter-by-quarter.

Holistic Reporting depends on a stream of data and is analogous to a pilot’s ‘heads-up’ display rather than a driver’s ‘rear-view’ mirror. Holistic Reporting is really a variant of organizational situational awareness that prepares it for better future decision making.

4. Holistic Reporting is Consistent and Comparable

A Holistic Report has minimal value if the data that it reports is not consistent and comparable. Information consumers want to compare and contrast data; to gauge progress towards objectives; to assess risk and levels of governance. This is difficult if not impossible to do if the report does not leverage globally accepted content and data standards.

A content standard is a way of defining what data means at content concept level. A data standard is a way of defining what the data means at the data storage level. US-GAAP, UK-GAAP, IFRS and the GRI indicators are all content concept standards. The respective eXtensible Business Reporting Language (XBRL) taxonomies for all these content standards are data standards. The data standard does not have to use XBRL but there has to be one otherwise how can holistic data be reliably compared?
5. A Holistic Report is Interactive

A Holistic Report is not a paper document nor is it an online PDF – it is an online view into the data that is fully interactive. By interactive we mean:

- You can drill down, through and around the data
- Numbers are connected to additional, relevant evidential ‘rich content’
- Data can be viewed from different perspectives (i.e. not just spreadsheet format – rows and columns)
- Data is accessible not just to humans but also machine readable via application programming interfaces (APIs and web services)
- Data can be subscribed to (i.e. via an RSS feed) for automated dissemination

6. A Holistic Report is Cybernetic

Transparency is a two-way street. One aim of ‘opening up’ is to get more stakeholder feedback, some of which will be constructive or valuable. But whether feedback is positive or negative matters less than the fact that a conversation has been established with your stakeholders. All feedback is cybernetic in effect (cf. Norbert Wiener).

As the primary channel for ‘publishing’ a Holistic report is online, there is no reason why every ‘continuous’ report should not provide an opportunity for also gaining continuous feedback. In fact, this should be regarded as a valuable payoff from transparency to help justify the effort of delivering this higher quality information.

7. A Holistic Reporting is Not ERP-Centric

The primary source of transactional data for most organizational financial reporting is the enterprise resource planning (ERP) system (or the summary business intelligence database built on top of ERP). However, Holistic Reporting is unlikely to find all the data it needs from the ERP system alone.

Many organizations already include customer relationship management (CRM) systems in their reporting data supply chain. But to properly support Holistic Reporting, new systems will have to be added to the reporting supply chain including governance, risk and compliance (GRC) systems and environmental management systems (EMS).

8. A Holistic Report is Not Just About Performance

Traditional corporate reporting is focused on financial performance – even though this has been changing as more companies adopt variants of Kaplan and Norton’s Balanced Scorecard to manage and monitor a wider range of key performance indicators (KPIs). But in addition to financial performance, Holistic Reporting is equally concerned with operational behaviour and new reporting methodologies.

For example, reporting operational behaviour on the ground is much more likely to surface issues relating to sustainability than purely financial reporting. So Holistic income statements and balance sheets must be connected not just to quantitative numeric data but also to qualitative behavioural data that reflects new kinds of reporting methodologies such as footprint or impact reporting, supply chain audits and product lifecycle assessments.
9. Holistic Reports are Multi-Format and Multi-Platform

Holistic reports don’t have to be presented in traditional spreadsheet row-column format. In fact in many cases, presenting the data in this way only hinders the communication of information. Holistic reports can be presented as:

- Timelines
- Journeys
- Organization charts
- Labels
- Location-based Augmented Reality (AR) ‘layers’
- Mobile websites reached by snapping QR Codes

Holistic reports are delivered online but not just to PCs and iPad tablets. For example, Augmented Reality layers are delivered to mobile phones based on the phone’s location. What better way to reach out and communicate location-based holistic information to anyone who wants it?

10. Holistic Reporting is a Step-Change

Holistic reporting is not simply about combining financial and non-financial data in the same report. Nor is it simply about putting reports online rather than on paper. Holistic reporting starts from a different place: Intentional Transparency. This requires a different attitude to corporate reporting, the use of new tools and systems, and new ways of publishing and presenting information and managing the dialog with your organizational stakeholders.

Holistic reporting is the future of corporate reporting.

Next Steps

Organizations that believe in intentional transparency are already delivering sustainability reports and other information above and beyond what is required by ‘business-as-usual’ financial reporting. The next step is to investigate what ‘holistic’ really means to them and their stakeholders and how to provide a more holistic view of the whole organization’s activities. Engagement with this process is also an ideal way to re-evaluate corporate vision, mission and values in the light of a rapidly changing world and new levels of stakeholder expectation.
References

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The Global Reporting Initiative
http://www.globalreporting.org/Home

Green Tags

Holistic Reporting
http://www.holisticreporting.org

Integrated Reporting
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