

# 10

## Business Reports and Chairman Speech

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### 10.1 NATURE AND IMPORTANCE OF BUSINESS REPORTS

#### 10.1.1 Definition of Business Report

With the growth in the size of modern business organisation and their activities, a need for written communication has arisen within the group. The top managements have been depending upon experts for their reports on various subjects. A report is a form of systematic presentation of information relating to an event, progress of action or some business activity. It is a written statement of results, events, qualities, conditions, progress or interpretation of records. The basis of many business decisions originates in reports. It should be kept in mind that a mere expression of opinion without supporting factual data is not a report.

A report may be defined as a formal statement describing a state of affairs or what has happened. It contains detailed description of a problem or a situation, findings of an investigation, recommendations or action taken. It generally includes conclusions and suggestions for future course of action.

A report is a more or less official document that presents facts for the information of an interested reader. It involves investigation and analysis and the facts may lead to conclusions and recommendations. The facts must be accurate, complete, easy to find and usually must be interpreted. They provide valuable

record for the business. They can also be made use of in the future. The complete analytical report covers the past, present and future of a problem – the future being recommendation for the future course of action.

The *main features* of a report are as follows :

- (i) A report is a statement containing some information or an account of some event.
- (ii) A report is written for some specific purpose.
- (iii) A report is written for a specific audience.
- (iv) It is an orderly presentation of facts about some activity, event or programme. A report is an organised and factual account of work done by a person/group or activities of an organisation.
- (v) A report is an objective and unbiased presentation of facts. It is designed to present the truth irrespective of the consequences.
- (vi) It contains conclusions drawn by the report writer together with the procedure followed for collection and interpretation of data.
- (vii) A report often includes recommendations.

### 10.1.2 Purposes of Business Report

A business report serves the following purposes :

- (i) It presents factual information to management.
- (ii) It records facts and results of investigation or survey for future reference.
- (iii) It provides useful information to shareholders, customers, creditors and general public.
- (iv) It makes recommendation for future use.

A report may be written or oral. But a written report is more desirable.

## 10.2 ESSENTIALS OF A GOOD BUSINESS REPORT

Preparation of a report is not easy. It demands skills of a special kind. A report is more than language, composition, just as any other good piece of writing is more than words, commas, and semicolons. There are some common features which need to be understood clearly by all those interested in using "reports" as effective communication devices. These are outlined below :

**1. Accuracy :** Information presented in the business reports should be accurate. Inaccurate information may often land the managers in trouble. As far as possible, the report must be based on accurate information.

**2. Clarity :** The business report should be clear and completely understandable. This is possible if the author of the report has clear purpose and thought in his mind. To bring clarity of expression, report should be presented logically in different paragraphs with suitable headings, demonstrating its coherence with the purpose.

**3. Consistency :** The business report should be consistent with the purpose of writing. The various stages in report writing like enquiry and collection of facts, their analysis and interpretation and recommendations should flow towards the main theme. It should not deviate from the main theme into other directions.

4. **Objectivity** : There should be objectivity in observation, collection of related facts and writing of reports. Objectivity involves separation of thinking from emotions, freedom of oneself from his personal prejudices and presumptions and taking the things as it is with clear perceptions.

5. **Completeness** : The report should be complete in all respects. There should be no room for ambiguity.

6. **Brevity** : Executives do not find sufficient time to read lengthy reports. Therefore, the reports should briefly reflect the essential point.

7. **Simplicity** : A report should be simple. This would help in arriving at decisions quickly and easily.

8. **Appearance** : The arrangement, organisation, format, layout and make-up of a report should be pleasing and as far as possible, eye-catching. Reports must be easy to read. They must avoid technical language as far as possible. The writer must present the facts through elegant and grammatically correct.

9. **Reliability** : Reports should be reliable, and should not create an erroneous impression in the minds of readers either due to oversight or neglect.

10. **Logical Content** : The content of the report must be presented in a logical manner. The facts must be reported in an unbiased manner. Distinctive points must bear self-explanatory headings and sub-headings.

11. **Timelines** : To be useful and purposive, reports should reach the readers well in time. Any delay in submission of reports makes the preparation of reports a futile exercise.

### 10.3 TYPES OF REPORTS

The reports are usually of the following kinds :

1. **Formal Reports** : When a report is prepared in the prescribed form and is presented according to the established procedure, it is known as Formal Report. These reports are prepared in accordance with the requirement of law or an established official procedure. The reports submitted by various officials of companies are usually formal reports. Managers can easily understand the facts given in these reports because they have uniform structure and presentation.

2. **Informal Reports** : It is written like a communication, in the form of a letter from one person to another. It does not comply any specified procedure. Informal reports typically do not follow any prescribed form or procedure for submission whereas formal reports are purely analytical. In the real business world, informal reports are less frequently used, though they are as important and useful as formal reports. Informal reports do not have any uniform structure. They are prepared according to the convenience and requirements of the organisation. These reports may be informative or recommendatory. They may be prepared in the form of a person to person communication or in a letter form. Informal reports are required to get detailed information, to investigate a given situation, to report on an event to

comment on the progress of work, to suggest a particular method of operation etc. Informal reports thus may take the following forms :

- (a) *Short reports* : These are presented in a simple letter format or memorandum form. The report may not run for more than 5 pages. The style of presentation is simple and only facts are reported as far as possible.
- (b) *Progress reports* : These report contain information regarding the progress of a specific programme of work or project. These help management in taking appropriate decisions regarding follow up measures.
- (c) *Staff reports* : These are prepared in order to resolve particular staff problems in a simple and straight-forward manner.
- (d) *Justification reports* : These are used to justify a particular recommendation or a course of action.

Formal reports have its two sub-divisions : (a) Statutory Reports, and (b) Non-Statutory Reports.

**3. Statutory Reports** : Statutory reports are made in compliance with some statute, e.g., Companies Act, 1956, requires every company to submit the following reports to the registrar of companies-director's report to annual general meeting, auditors report, statutory report, etc. The form of such reports is prescribed by the concerned Act.

**4. Non-Statutory Reports** : Such reports are not required by law but they are prepared according to the directions of the management. These reports may be either routine reports or special report. For instance, sales office may be asked to submit a monthly report on sales, such a report will be a routine report. But a special report is prepared in case of extraordinary matters and they are prepared by specialists or experts.

**5. Informational Reports** : The purpose of such reports is to provide information about some business activity. It does not contain any suggestions.

**6. Analytical Reports** : These reports include both the facts as well as analysis of facts. They present the facts in a scientific way and then draw conclusion from them.

### 10.3.1 Special and Routine Reports

**Special Reports** : Special reports are prepared in dealing with problems currently developed. This form of report may be originated by the reporter himself at his own initiative or the necessity for preparation of detailed report may arise on the basis of some information revealed in routine reports.

Special reports may cover a wide field of activities such as:

- (i) Political and economic developments,
- (ii) Tax law and rules,
- (iii) Industry related matters, and
- (iv) Technological developments in the industry.

**Routine Reports :** Routine reports are submitted to the management at regular intervals to help them to control the administration effectively and efficiently. A general list of reports is given :

- (i) Budgets.
- (ii) Monthly or Quarterly Accounts and Balance Sheet.
- (iii) Cost Reports.
- (iv) Reports on Research and Development, and
- (v) Production Reports.

Reports are a practical necessity for any business running on a medium or large scale. Therefore, the ability to write effective business reports is of great importance. Information and recommendations placed before the management are of little value unless they assist the formation of judgements and lead to decisions being taken. A report which does not stimulate thought and leads to action may be of passing interest to the readers, but it serves no useful purpose. It will not justify the cost of its preparation. Therefore, a report to be effective must contain all the relevant facts in some logical order, discuss them in a simple language and arrive at some useful conclusion.

### 10.3.2. Long and Short Reports

Business reports may be classified on the basis of their length as : (i) *Long reports*; and (ii) *Short reports*. Normally, the format of a long report is different from that of a short report. Long report consists of a number of parts and is written with greater detail than a short report. Depending upon the purpose, context and the intended receivers, short reports are prepared in different forms such as letter form, memorandum form and minutes form.

### 10.4. COMMONLY USED REPORTS

In business enterprises, several type of reports are prepared for serving different objectives. Some of the commonly used reports are described below :

**1. Progress Report.** A progress report is prepared to reveal progress or accomplishments over a period of time. Such a report may be weekly, monthly, quarterly, half-yearly or yearly. It may be prepared for a departmental head, chief executive officer of the company or even Board of Director of the company.

A progress report should be structured around the following points :

1. Introduction : nature and purpose of the progress report.
2. Description of accomplishments during the reporting period.
3. Unanticipated problems.
4. Plans for the next reporting period.
5. Summary, narrating overall appraisal of the project.

## 10.6. STEPS IN WRITING LONG REPORTS

Report writing requires not only the ability to communicate but also the ability to present the report in a systematic and meaningful form. It is necessary for the report-writer to have clear understanding of the purpose of the report. Whether he is to present facts pertinent to any problem, or he is to analyse and interpret factual information and make recommendations on the basis of conclusions drawn, he must have facts or data at his disposal before preparing . periodic, routine reports as well a special reports. Above all, adequate care must be taken to ensure effective presentation at every stage of report writing.

The procedure of report writing involves the following major steps:

- (1) Determine the purpose of the report .
- (2) Identify the receivers.
- (3) Collect the necessary data.
- (4) Analyse and classify the data.
- (5) Outline the report .
- (6) Prepare the final report.
- (7) Present the report.

**(1) Determine the Purpose of the Report.** It is necessary that every report must serve the purpose for which it is prepared. Whether it is supply of information or analysis and interpretation of data for decision-making or problem-solving, the purpose needs to be kept in view by the report-writer. The report will be of no use, if it fails to serve the purpose of the ultimate user. Thus, as the first step in report writing, one should identify the purpose of the report.

**(2) Identify the Receiver or User.** Before writing the report, one should identify the users of the report in terms of their number, expertise, interests, hierarchical position, etc.

**Expertise:** The report writer should know to what extent users of the report are conversant with the subject-matter of the report and whether they are familiar with the technical aspects of the subject, if any.

**Interests:** The report writer should have an understanding of users interests as regards the facts and findings to be presented in the report, and to what extent the report will be taken seriously. For instance, a report to determine the causes of an underlying problem or to ascertain whether or not the problem exists may be of greater interest to managers directly concerned rather than to others.

**Hierarchical Position:** Users of reports may be the top management, departmental heads or supervisors. The contents of a report, its style of presentation, and details to be included in it should be decided according to the position or rank of the user in the organisation. For instance, a report on declining sales should be presented differently for the sales manager as compared with the report for consideration of both sales manager and the production manager.

**(3) Collect the Necessary Data.** Once the purpose of the report is clearly understood and the users are identified, attention should be paid to collecting the data from various sources. Data generally consists of facts and figures. Primary data may be obtained through interviews, observation, mailed questionnaires, schedules etc. Secondary data may be available from files, documents, published and unpublished reports. Taking into consideration the purpose of the report, one should decide whether to collect data from primary sources or secondary sources or both. It is needless to add that accuracy and reliability of data is an important factor that the report writer should always keep in mind.



(4) **Analyse and Classify the Data.** Mass of data collected from various sources may not be of much use unless the same are classified and analysed in the light of the purpose already set. There are no specific rules for classification and analysis of data. The effectiveness of a report obviously depends on the ability to analyse the data properly, interpret it correctly and draw appropriate conclusions.

(5) **Outline the Report.** After classifying the data, one should prepare an outline of the report. In fact, the organisation of the report determines how the report is received. A long report may have many parts. However, while preparing the outline, one should concentrate on three major parts: (i) **Introduction** (ii) **Body of the Report**, and (iii) **Conclusions and Recommendations**. These three parts together make up the bulk of the report. Two main aspects of the report need to be decided upon at this stage include :

- (a) The order in which the introduction, body of the report, and conclusion and recommendations are to be presented.
- (b) How to organise the body of the report, as it constitutes the larger part of the report.

As far as the first aspect relating to the order of the three parts is concerned, any of the following three options may be adapted:

Option 1	Option 2	Option 3
Introduction	Introduction	Conclusions
Body	Conclusions	Introduction
Conclusions	Body	Body

One may adopt first option when the user is not likely to understand conclusions until he reads the rest of the report. This option is also suitable when the conclusions are disagreeable from the users point of view or the conclusions are contrary to the users view point. The order of presentation as per the first option may prompt the receiver of the report to spend considerable time reading the detailed information before accepting the conclusions.

**Option 2 and 3** may be adopted under any of the following four situations:

- (1) when the reader needs the conclusions first, (2) the reader has enough background to understand the conclusions without reading other parts of the report, (3) the report may be easier to read as the conclusions may provide a framework for interpreting the information in the body, and (4) the conclusions are agreeable from the point of view of the receiver.

The second aspect relating to the organisation of the body of the report is also equally important. As stated earlier, the body of the report generally forms the largest part of the report. Therefore, it is necessary to organise it in such a way that it flows smoothly and has the kind of impact that is desired.

(6) **Prepare the Final Report.** Once the outline of the report is ready, one should start writing the report. Proper presentation of the reported matter enhances

the effectiveness of the report. One should use a common set of symbols that many other writers use. For presenting the information in the body one may use tables, graphs, diagrams, etc. The reader can easily understand the substance of the report quickly with the help of graphic presentation of data (like histogram, smoothed frequency curve, frequency polygon, etc.) and diagrammatic presentation (like pie diagram, bar diagram, cartogram, pictogram, etc.). The report writer should adopt an appropriate style in accordance with the nature and purpose of the report. The following suggestions may be useful while preparing the report:

- (i) Consider the suitability of the language to be used. Avoid unfamiliar words as far as possible.
- (ii) Avoid offensive language which may be distasteful to the readers.
- (iii) Formal business reports demand an impersonal style of presentation. So, better not use the 'you tone' in such cases.
- (iv) Adopt a positive approach wherever possible.
- (v) Use active voice as much as possible. However, passive voice may be used wherever it is necessary to deemphasise any idea.
- (vi) Make sure that each sentence and paragraph contains only one central idea.
- (vii) Avoid unnecessary repetitions.
- (viii) Check and recheck the script for grammar and typographical errors.

It should be remembered that the purpose of classification and analysis of data is to facilitate making useful recommendations. While drawing conclusions, on the basis of data, the writer has all the freedom and discretion. But it is most essential to ensure that the recommendations are convincing to the readers. If the report writer can substantiate suggestions, the receiver is likely to accept the same without hesitation.

**(7) Present the Report.** Every report, once prepared, must be presented to the appropriate authority for consideration and decision-making.