

## PURPOSE OF BUSINESS REPORTS

A business report conveys information to assist in business decision-making. The business report is the medium in which to present this information. Some reports might present the actual solution to solve a business problem; other reports might record past business information that is used toward future business planning. More traditional reports, such as Business Plans, serve to communicate the Business Concept, business management model, commercial objectives, operational procedures and the perceived viability of the enterprise. Many people consider business reports as dry, uninteresting documents which take a great deal of time and effort to prepare. The reality is that they are an essential part of doing business and one's ability to be proficient in this area is critical to the ability to pursue commercial success (McCarthy 1979; Ronstadt 1984; Thompson 2003c).

Although much of the research and analysis that supports the business report is derived from a systematic process, the actual preparation of the report is more reliant on art than on a proven business template. Although for most business reports templates are readily available, they are only a guide and the reports needs to be developed to best fit their intended application. In order for the reader to have a clear understanding of why a report is written, a written purpose theme must exist through the report. This theme could be represented as either a statement or a question. In generating a business report, the following steps should be considered:

- Determine the scope (purpose) of the report,
- Consider the target audience (readers),
- Gather and organise the supporting information (research),
- Analyse, and weigh the supporting information,
- Determine the solution, findings and/or recommendations, and
- Determine the report format.

## DETERMINE THE SCOPE OF THE REPORT

A frequent mistake of many business reports is that the author makes the scope (purpose) of a report too general or vague. As most business reports are required to support specific organisational objectives, strategies and decision making it is critical that a chain of continuity in argument and evidence can be demonstrated between the purpose of the report, the research, and ultimately the solutions, findings or recommendations. The stronger this continuity the greater the weight the report will have in supporting the decision making process. When you choose a focus for a report, one of the first steps is to narrow the scope to a report length. The scope of the report is defined by determining the factors which will be studied.

## CONSIDER THE TARGET AUDIENCE

Always consider the business reports alignment with the intended audience. Business reports usually have a number of different audience groups to reach so a report will often have a hierarchical structure to support different levels of detail. Many people may be involved in a decision-making process and they will have different levels of information requirements to support their decisions making process. In designing the report format and style the following target audience characteristics should be considered:

- Their need for the report (i.e. finance approval, operational planning, resource allocation),
- Education level (i.e. their ability to understand and rationalise the document),
- Position in the organisation (i.e. authority for information contained in the document),
- Knowledge of the report's topic (i.e. purpose),
- Responsibility or authority to make decisions based on the report, and
- Personal demographics (i.e. age, biases, alliances, attitudes).

To avoid making false assumptions about the target audience the author should compile a list of all the intended readers and develop a profile of them. Audiences are basically of three kinds:

- **Primary Audience** - People who have to make decisions on the basis of the business report,
- **Secondary Audience** - People who are affected by the actions the primary audiences would take in response to the position of the business report, and
- **Immediate Audience** - People responsible for examining the business report, weighing its viability and distributing the report to a broader audience.

In determining if a number of versions of reports are required with varying levels of evidence, the author should consider the following audience decision making needs:

- How much background (supporting factual data, analytical findings, solutions, and recommendations) will the audience need?
- Do they need to define any terms being used within the report (if so ensure they are included in a Explanation of Terms or Glossary)?
- What language (technical complexity) level will be most appropriate for the target audience?
- How many and what kind of visual aids should be used for the target audience?
- What will the target audiences expect from the business report?
- Does the reader prefer everything given in detail or merely a brief presentation that touches upon the highlights?

## GATHER AND ORGANISE THE SUPPORTING INFORMATION

Now that the report's author has a clear understanding of the purpose and scope of the business report and who the target audience is, he is now ready to gather and organise the research and data collection. Business research and analysis provide information to facilitate operational planning, production planning, supply chain management, quality systems and investment strategy development. The research issues that are most decisive in this area include customer activity and behaviour, market and economic conditions, competitive considerations and business strategies in response to the market place (Richardson 1989; Gofton 1997; Thompson 2003a).

Market research always involves some form of data collection. This can occur from a primary data level, whereby the researcher collects data first hand from consumers, or from secondary data through investigative research. Primary research data refers to data obtained from the original source regardless of whether that data was generated in a laboratory or out in the field. Secondary research data is considered the type that would present information that is obtained largely from historical information sources or data which has been gathered from other studies or business processes. Unlike academic research, which is more conceptual, business market research is highly purposeful in providing reliable and valid data on consumer behaviour in a specific product category or area within a specific target market (McCarthy 1979; Ronstadt 1984; Thompson 2003c).

To enable a business report audience to make business decisions based on the research data, it is important to explain the procedures or methods that were used in the research process. This supports the data's credibility and in turn allows the decision makers to weigh the significance of the market information. The data that is collected is critical to any primary business market research findings. It is important to present the data in various tables, charts, and graphs to facilitate effective communication with the intended reader. These findings, or extract of the business market data, can go directly into the body of your Business Feasibility Study or Business Plan, or included as appendices (Richardson 1989; Thompson 2003c; Thompson 2003a).

As you are gathering the information it is critical to generate a methodology on how to record and organise (quality control) the information. Immense volumes of information are difficult to analyse if they are not organised.

## ANALYSE, AND WEIGHT THE SUPPORTING INFORMATION

The purpose of the analysis is to make reasoned sense of the information that has been gathered. The findings of the analysis need to be balanced, justifiable and where possible quantifiable. The process of business planning and market analysis usually starts with the entrepreneur determining what questions need to be answered in order to make better decisions. From these questions, broad research criteria are established, which in turn lead into specific research questions. The research is then designed to provide the data to answer the research questions which then support the business decisions. The research questions take into consideration target markets and the type of information required. A research plan is developed which incorporates perceived target markets, methodologies, cost and research schedule (Aaker 2003; Thompson 2003a; Schaper & Volery 2004)

Findings are often compared and contrasted in an effort to present the Business Concept or new business ideas in a background that enhances their alignment to the target audience. Detailed facts and figures need to be interpreted by explaining what they mean, what significance they have to the purpose of the report and how significant they are to the audience's decision making process. It is an accepted practice that the main content section of a business report presents this information in a summarised format, then referring the reader to attachments to the report for the detailed data and analyses. The continuity of relationship between the data collected, their credibility and the resulting analysis will directly relate to the weight of evidence that can be determined by the target audience in their commercial decision making process.

## DETERMINE THE SOLUTION, FINDINGS AND/OR RECOMMENDATIONS

Business research and analysis provide entrepreneurs and managers with the necessary information and market context to support effective business decision making to achieve these objectives. When an entrepreneur clearly understands their target market they are able to mould the business so it directly engages with this sector of the market and subsequently achieves considerable commercial success. From a business planning perspective, the business analysis, solutions, findings and recommendations provides a critique of information that will support communication concerning the viability of the proposed business in order to facilitate capital raising (McCarthy 1979; Porter 1980; Aaker 2003; Thompson 2003a; Thompson 2003b).

Based on the analysis, authors will be ready to offer a solution (or solutions) to the business problem they have been studying. There needs to exist a relationship between the research, analysis and subsequent outcomes that arises from the evidence. This chain of reasoning will support the development of appropriate business strategies which involves the matching of the strengths of the business with available opportunities. To do this effectively, the entrepreneur needs to collate, analyse and understand information about the business environment. From this information and often through the fuzzy process of rationalising the Business Concept (or business problem) against the market research findings, business strategies are born. This process is enhanced if the entrepreneur (author) already has a clear understanding of the mission, goals and objectives of the start-up business. The development of business strategies must be based on commercial fact rather than entrepreneurial fiction (Thompson 2003a; Wickham 2004).

## DETERMINING THE REPORT FORMAT

Before actually writing, organise your information into an outline form. You can formulate an outline for your report by choosing the major and supporting ideas, developing the details, and eliminating the unnecessary ideas you've gathered. This outline becomes the basic structure of your report.

A report could be presented as a memo report, a standardised form report, or a formal report. The report you will be assigned in this course will be a memo report intended for an audience within your organisation.

Your business report will have the following five steps:

1. Provide identifying information (usually inclusive of To, From, Date, Subject, Area)
2. Define the project or problem (purpose of the report)
3. Give the background
4. Give the supporting data
5. State your conclusions and recommendation

Create a working framework outline by jotting down these five steps and filling in the information from the gathered material that would best fit into each category.

Based on the outline begin writing your report. Write a rough draft. Don't be overly concerned about proof reading and editing at this point. Just get the key thoughts down.

Be systematic if possible. Start at the beginning and work your way through the report structure. However, many reports are often technical, seeking specific formats for recommendations or outcomes. So adopt an approach which best fits the individual report style. Expert writers often use this technique. They know that they can write the opening paragraph(s) or page(s) at a later time. Remember, don't think about editing when writing the first draft. Editing often proves a stumbling block in creativity. Write first, review and edit later.

In writing the report, you might want to use headings for each of these sections of the report. Headings and subheadings are used as organisational tools in writing to identify major parts of a report. Headings serve as guideposts for a reader, dividing the information into segments that make it easy for a reader to understand.

When writing headings be sure they are descriptive, parallel, and sequential in transition.

## ELEMENTS OF EFFECTIVE BUSINESS REPORT WRITING

Now that you have an overall outline and rough draft of your report, you are ready to start polishing the document. Remember most business reports trying to convince an audience of a given commercial or managerial position. **YOU MUST SELL THE QUALITY OF THE CONTENT OF THE REPORT THROUGH THE QUALITY OF THE REPORT'S PRESENTATION.** In presenting information, an effective business report should be accurate and objective.

### ACCURATE

Accuracy in a business report includes accuracy of information and accuracy of writing. Since the information in a business report is used to make decisions, inaccurate information can lead to inaccurate decisions. Therefore, make sure your facts are right! The accuracy of any report depends upon the correctness of the data that was gathered to prepare it. Use reliable sources and be accurate in reporting all information.

The accuracy of writing depends on accuracy in writing mechanics (spelling, punctuation, and grammar) and accuracy in writing style. To avoid writing style errors, use precise words and terms that are not likely to be misinterpreted by the reader.

### OBJECTIVE

In writing, objectivity means presenting material free from personal feelings or prejudice. You can achieve objectivity through the following technique:

- Make a distinction between facts and opinions - Limit the use of unsupported judgments and inferences,
- Report all pertinent information - Present both positive and negative aspects,
- Use bias-free language - Avoid emotional terms, such as guaranteed, tremendous, etc,
- Use impersonal style - Avoid interjecting a personal note, which might weaken a report by making it seem merely a statement of one person's opinion and belief, and
- Uses of Graphics in Business Reports – graphics for comparisons or projections are extremely effective.

### THE IMPORTANCE OF GRAPHICS

In addition to the writing portion of your report, you might want to consider including pictures or graphics. Graphics TODAY FORM PART OF ANY STANDARD BUSINESS REPORT. There is also often an alignment between graphics and any supporting visual presentation (Powerpoint) offered in support of any business proposal or argument. However, since the goal in a business report is to convey information clearly to the reader, a graphic can often be clearer than text.

If you wanted to show a financial or operational trend for a commercial period, a line or bar graphic would be the most effective format. Some of the more common graphics that you might want to consider would include:

- Tables,
- Pie Charts,
- Line Charts,
- Bar Charts,
- Organisational Charts, and
- Others (pictograms, maps, photographs, time lines, flow charts, etc.).

## LOCATING GRAPHICS TO THE WRITTEN TEXT

Remember, the ART to successful business reporting is being able to communicate and sell the report, and accordingly graphics must be located within the centre of the report and relative to key findings or statements. Work the graphic into the flow of your text. Place the graphic within the text immediately after the paragraph in which the graphic is first mentioned. Refer to each graphic by its figure number, which must correspond to the section of the report (Chapter) and the sequence of the figures i.e. "Figure 6.1 Projected Revenues".

## IMPORTANCE OF EVIDENTIARY ALIGNMENT

When the author of a business report seeks the support of another party or merely wishes to follow a strong commercial process with regard to their decision making, the weight of evidence derived from the market and business research is paramount. The weight that a report carries with its audience is directly related to the author's ability to articulate the relationship between the supporting evidence and statement of facts made in the report. An evidentiary approach in the business research arena involves the establishment of continuity of evidence between the research collection, storage, analysis and subsequent findings. The evidentiary approach means a provable chain of relationship (evidence) between the research facts and subsequent business recommendations. By being able to establish this chain of relationship, a Business Feasibility Study or Business Plan will instil strong confidence in its investors and stakeholders (Zikmund 1994; Thompson 2003c; Thompson 2003b).

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