INTEGRATED COMPANY REPORTING MODEL

As business models become increasingly dynamic, responding to technological advancements, globalization, even climate change, it is no longer the case that defining your business model publicly is exceptional. In fact, nowadays, it is quickly becoming the norm. Stakeholders are demanding an insight into how an organization will face such changes to the way business is done globally and turn them into opportunities. Often, the most daunting thing about integrated reporting is how to start. But from the thousands of conversations I have had with companies in the past, they always tell me that getting started is the biggest hurdle. Once you embark on the journey, the benefits that arise from the breaking down of silos, the new understanding of strategy, better relationships with stakeholders, and in designing a clear business model, dramatically outweigh any challenges implementation holds. Do not let the perfect be the enemy of the good – this is a journey and no one’s first integrated report is going to be perfect. I urge you to read guidance documents such as this and apply them to your own way of thinking and working.

The importance of representing the business model (BM) in reports arises from the belief that the company’s lifespan and its activities are based directly on the exchange between internal resources, external markets and society at large. To represent, describe and explain the business model in an effective way is, for the company, an opportunity to make its value creation model, i.e. its approach to the coordination and interrelationship of resources, «visible» in the form of a more or less complex scheme. It also constitutes a way to assert the full self-awareness of this concept.

The underlying logic is one which considers all the resources which participate in the «making» of the enterprise. Basically, the primary objective of business model representation is to provide visibility to the unique way in which the business coordinates resources in order to achieve corporate objectives[1]. With this in mind, an adequate representation of the business model is a critical element for the company. By sharing it, all business relationships are made clear and all stakeholders become aware of their «role» within that system and of the contribution they provide [2]. Presenting the business model is the most important way to share the company’s «corporate philosophy and structure» to strengthen the relationship with its stakeholders and the resources involved in business activities. In practical terms, this allows the company to align the macro business objectives with external partners and resources, as well as to coordinate with each other.
Internally, the value of the business model is that it provides managers with a strong viewpoint used to guide their managerial efforts toward value creation; it is not simply a matter of how the Board views ‘how we create value’. If management is aware and committed, this in turn will be of value to providers of financial capital. In this respect, one of the advantages of effective business model representation lies in the possibility of orienting internal resources more effectively towards the goals of the company, highlighting how they are related to external resources, and providing a working basis in terms of organization and objectives.

The practical implication of this approach is the ability to improve internal organizational awareness, in order to create a climate of active participation to the corporate journey. Thus, the business model helps the organization understand one of the fundamental drivers of its value creation process in an integrated, shared way which will bring clarity and insight to that very organization. It should help the organization consider how it creates value now, how it might create value in the future, and the resiliency of the business model to competitors’ challenges and long-term environmental factors (e.g. technology and market changes).

**Bibliography:**
