Prepare for ‘strategic reporting’: interactive, integrated, material

With 25 years at PepsiCo USA under his belt, Paul Boykas is now the company’s Vice President Global Public Policy. He also serves on the steering committee of the US network of the UN Global Compact, and is a member of GRI’s Board. An expert in stakeholder engagement, Boykas works with sustainability leaders and global business units at PepsiCo to lead engagement on public policy and sustainability. This article reflects his unique contribution to the discussion on the future of reporting, with edited highlights from his full, one-hour interview.

Boykas believes that companies (and society in general) will still be facing the same complex issues we are currently dealing with well into the next decade. But for companies, reporting will become more of a strategic exercise.

Society: continuing to tackle current complex issues

Like many large companies, PepsiCo deals with complex sustainability issues on a daily basis, many of them societal in nature and origin. And some of these issues, Boykas believes, are here for the long haul.

“There will always be new issues to deal with, and they come fast and furious these days, because we’re all so interconnected,” he explains. “However, I believe that what we’re tackling right now – whether that’s climate change, nutrition, or how to feed the increasing number of people on our planet – will still be around ten years from now.”

Companies: learning to express new values in an old language

Boykas also includes financial value as an enduring topic in the corporate world, not unsurprisingly. But, in his opinion, new elements will have to be integrated into value calculation.

“How you view a company’s value for long-term success is going to be critical. How has your supply chain been developed? Do you nurture upcoming talent in your company? What customer-related issues do you focus on? All these things need to be integrated into the financial value. It’s not just a question of how many bags of potato chips you’ve sold in the last four weeks.”
Financial value will still be on the agenda, Boykas says, but it will be more about considering it in a different light – learning to translate value into a new language to bring everything together. And it’s a language with which we are not totally unfamiliar...

“In the past, capitalism did encompass community development, how you worked within a system. PepsiCo has worked with many family-operated companies, our bottlers for example, for whom this sort of thing came naturally. They really cared about their employees, they worked within their community in order to ensure that their products were of the highest quality.”

Get ready: the report of the future is a strategic exercise

We might be looking to the past for inspiration in how to express a company’s value, but as far as reporting is concerned, Boykas sees dramatic changes on the horizon.

“It won’t be like what we are currently doing,” he says. “You’re going to need to present a balanced view of the world – it will be true integrated reporting. I think it will need to be very web-based and very interactive, as the information will change fairly dramatically, not just every year but even every six months. A lot of these things, even though they may be spread over a long period (for example, auditing suppliers), still need to be reported, on a very regular basis. This is not going to happen overnight, but it will happen eventually.”

“When the information systems are in place it will be like financial reporting, to the extent that we will report each quarter and that this information will be shared. You will be able to see how it fits into the strategy going forward. Defining what exactly is needed is important: what issues do you need to focus on to show how your company is performing sustainability-wise, and how this relates to the overall success of the company.”

And what purpose will the report of the future serve? “Within businesses themselves, it will be more of an internal strategic exercise, as far as defining those issues that are material are concerned, how you are addressing them, and how you are communicating that to the public,” says Boykas.

So what is of true value in the future? “Finance is important,” emphasizes Boykas. “But I think it’s a really useful challenge for young kids, who have a bigger world view, to figure out how we integrate all these things into the financial picture down the line.”