Kodak CEO George Fisher on Design
Why Federal Express Became FedEx
Starbucks: A Visual Cup o’ Joe
Welcome to the first @Issue, a journal about the effective use of design in business.

While design manifests itself in nearly every aspect of business — from architecture, signage, retail interiors, the physical appearance and ergonomic handling of a product to all forms of visual communications — its contribution to the success and profitability of a company is often undervalued. Through real-life case studies and tangible examples, @Issue looks at design from a business point of view, and provides useful information on how companies can make design an integral part of their overall business strategy.

— Peter Lawrence, Corporate Design Foundation
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resources in the design communities of all these corporations, but too often, we don’t take adequate advantage of what’s there. The reason is “out of sight, out of mind.” We have a fast-growing area in Kodak called “single-use cameras.” Our most recent design is a stunning hit. It looks like a real camera. It has smooth corners; it doesn’t look like a box as the old one did. And its user features are really neat. The leader of that business recognized early on that perhaps the most competitive aspect of the camera was going to be its physical design/human factors interface and gave it a lot of attention. The industrial designers really helped steer the project because the single biggest difference from our previous camera was the look and feel in the consumer’s hands, and that had to be driven by our physical design people.

What should MBA programs teach about design?

People need to appreciate at a much younger age that design must be integrated into the business. If it isn’t, it will be subservient to the business, and you won’t get your money’s worth from it. Design is not a service function. It is integral. By the way, I don’t think any of the companies I’ve been associated with have done as good a job as we need to in that respect.

can you share a few of your design experiences at Motorola?

When we did MicroTac, Rudy Krolopp (director of industrial design) held up a very small phone as a model many, many years before the product came out. Rudy’s ability to conceptualize what might be possible really drove some very good circuit designers and mechanical engineers to bring that vision to fruition. Rudy had enough credibility with all of us to gain our support.

In the old days of the paging business, we had an Optix pager. The first version had many buttons and was so complex none of us could figure out how to use it. Bob Schwendeman (now Motorola’s vice president and senior member of the technical staff) decided that we should pay more attention to the industrial and human factors design and get some outside professional help, one of the first times we did that in the non-consumer business at Motorola. Optix turned into an extremely good product which sells as an alpha-numeric pager today. I’m wearing one right now. Its human factors are superb. Had it gone out in its earliest, more complex form, that product probably would have been a failure.

Can designers provide the prototype vision for the future?

Good design leaders can set an organization’s expectation levels. In most organizations, not just Kodak, there is a strong cadre of people who can design the insides of products, the capabilities, whether it is mechanics or electronics. The design community working with the marketing folks need to establish their expectations for the future to challenge these very good people to design within that box. The more traditional approach is saying, “Here’s how much room I gotta have, and here’s what my circuits will do. Now go package it up.” Just the reverse is needed. Electrical engineers and mechanical engineers have to be challenged to produce something that the industrial designers and marketing folks think is needed in the marketplace.

what about graphic design, print collateral and advertising? Do they play a role in Kodak’s strategic thinking?

They obviously do. At our last brand management council meeting, a large part of our presentation had to do with the various logos and color schemes we use, and the simplification of our product line from a presentation and graphic standpoint as well as design. Maintaining the integrity of our brands is an important part of the picture at Kodak. The chief marketing officer, a position I just formed, is responsible for that. He is a person who is quite committed to the role of design and keeping up our graphic standards.

How do you make sure you’re working with good design people? What do you look for?

I let the leaders of our design community make those decisions. I’m more directly involved with knowing what I want from the design community; the leaders of that community pick their own people. They have to have marketing-savvy, as well as design-savvy. Increasingly, designers have to be very adept at using the tools that are now available, whether traditional computer-based design or more subtle expert systems.

How do you plan to use design at Kodak?

I intend to make Kodak more competitive in the equipment businesses. By that I mean, everything from traditional and digital cameras to scanners and printers and output thermal printers. We are going to be competing with some of the world’s best consumer electronics companies. To do that, we’re going to have to lean heavily on our ability to be on the leading edge of physical design, whether it’s something as simple as texturing or much more subtle like the psychophysics of usage of these products. In the past, Kodak’s primary emphasis has been on film, and you’re not going to do much in design with film. Now we’re emphasizing things like single-use cameras. Going up the equipment scale, the ability of Kodak to have world-class industrial design is going to be essential to our success.

will design remain important as the industry shifts to electronic imaging?

It will be extremely important, I suspect. As we shift to electronic imaging, we gain the ability to have a lot more functionality. The problem is bringing that functionality out of the box in a way that is useful to consumers. Both the physical design and human factors design of how consumers use all this power within the box become the most difficult problem, and perhaps the one that will differentiate the winners from the losers.

How will the industrial designer’s role change in the age of electronics?

I think the industrial designer has to know that a lot of the functionality will be brought out in soft form through soft displays with a minimal number of human buttons. The designer’s role is to express this complexity in the simplest way to use possible.

Describe the ideal relationship between design and business?

I think that if we properly integrate the design community into the business, we will actually have the physical designers leading the way, being very closely linked with the marketing and the engineering organizations almost as a seamless team. There should be virtually no difference. It has to be looked upon as more than an after-the-fact service organization.

In the end, what customers really see is what designers design. That is the ultimate tool that a company has in order to be competitive in the marketplace. The usage and the form of these products sell the products more than the real electronic functionality.

After 17 successful years at Motorola, how are you finding life at Kodak?

It’s quite a different experience. Some people don’t understand why I did such a thing on the surface, but it has been perhaps the most invigorating thing I’ve done in my life, and it’s filled with real challenges. I came to the point where we had Motorola really going on a rocket to the stars. That rocket was going to keep going whether I was there or not, and I didn’t want to retire that way. I didn’t want to coast out. I wanted to go out with a blaze. This is a chance to do something really interesting again, and I think we’re going to surprise the world.
Why Federal Express Became FedEx

Why would a company with a name so recognizable that it has become the generic equivalent of overnight delivery service choose to revamp its identity? For Federal Express, global success demanded a change. The challenge came in preserving its brand equity, while ensuring that its identity stood out from a growing field of global competitors.

Under a cloak of secrecy on June 22, 1994, a mysterious aircraft landed on a darkened runway in Memphis and was swiftly guided into an awaiting hangar. Only a handful of security guards standing watch against intruders witnessed the late night operation, which took less than 20 minutes to complete.

Two days later the whole world knew the secret. With news media, public officials and 4,000 FedEx employees present (and another 100,000 employees watching the event on the company’s private FX-TV), the world’s largest overnight delivery carrier unveiled its new corporate identity — the culmination of two years of research and design and weeks of clandestine implementation. Video relays around the globe carried an event that usually doesn’t get much play beyond a company’s in-house newsletter.

In typical style, FedEx had arrived in a bold way. The company that spawned an industry in overnight package delivery services, won the first

Gayle Christensen, Federal Express Managing Director of Corporate Marketing

Lindon Gray Leader, Landor Associates Senior Design Director

Lindon headed a team of Landor designers who created the new FedEx identity system and launched the basic program within four months.

Malcolm Baldrige National Quality Award in the service category, and ranked among the top ten of “The 100 Best Companies to Work for in America” in 1993, again showed the world how to do it right.

What’s more it chose to undertake an identity review while at the forefront of its industry, acting from a position of strength. As early as 1988, FedEx management discussed overhauling its original identity system designed by Richard Runyan in 1973, believing it did not represent its expanding global interests.

Indeed, things had changed. When FedEx originated the industry in 1973 — based on a hub-and-spoke concept that FedEx founder and CEO Fred Smith had earlier outlined in a Harvard MBA paper (which got low marks) — it was the lone player in it. The fledgling company started with 14 Falcon jets. Employees used their own cars and a small fleet of rented vans to pick up and drop off packages. Nationwide door-to-door overnight delivery was considered
so radical, skeptics abounded. Xerox Corporation even tested the system by shipping empty boxes for two weeks before entrusting Federal Express with real documents.

But work it did. Today FedEx operates in more than 200 countries, using a fleet of 458 aircraft (making it the nation's third largest airline) and 45,000 vehicles to deliver an average of two million packages each day.

Given this growth, Federal Express asked itself whether the "big and bold but friendly and accessible" image it wanted to convey was getting across. That question also entered the mind of Landor Associates, a worldwide brand and identity design consultancy, as it considered changes occurring in the air freight industry.

In 1990, Landor presented this case to Federal Express management. Although it created a favorable impression, the timing wasn't right for FedEx. With millions of logo applications on vehicles, aircraft, storefronts, uniforms, drop boxes, packaging, collateral material, stationery and business forms involved, "the need hadn't yet reached a critical mass," recalls Gayle Christensen, FedEx managing director of corporate marketing. "That happened only when it was clear that our image no longer looked fresh and our logo no longer worked in all the different ways it had to be applied."

In late 1992, Federal Express invited Landor back. "We were asked to take a good hard look at the company and its markets, assess Federal Express's position, and make any needed adjustments," says Lindon Leader, senior design director at Landor.

Over the next year, Landor's research unit conducted some 40 focus groups with employees and customers and interviewed industry leaders in 12 markets around the world. It also compared Federal Express's existing identity with the identities of a range of technology-smart companies known for innovation and marketing savvy.

Its research showed the existing identity had two great strengths: the strong brand equity of Federal Express (and its popular verb form FedEx) both closely identified with speed, reliability, innovation and customer service, and the power of its signature colors purple and orange to communicate urgency and leadership.
Research surveys also uncovered problems with the word federal. In 1973, the word had given the company immediate equity, an official alternative to the post office, but today it was more often associated with being bureaucratic and slow. In Latin American countries, it conjured images of the federales, and in some other parts of the world, people had trouble pronouncing Federal Express.

Based on its worldwide focus group research, Landor recommended that the company shorten its brand name to “FedEx” and adopt the tagline “The World On Time” to sum up its key message — global scope, accessibility, speed, reliability — in four succinct words. Federal Express was retained as the official corporate name.

With a green light from Federal Express senior management to develop a design, Landor “came up with 400 preliminary sketches,” recalls Christensen.

usual bureaucratic barriers by designating one company decision-maker — Christensen — once it approved the design. Leader praises the choice of Christensen.

“Gayle had a genuine appreciation of the process,” he says. “She very skillfully rode the fence between interpreting [to her company] what we were trying to accomplish, and communicating to us the ultimate strategic objectives of FedEx management.”

This true collaboration between designer and client led to a design that incorporates several ingenious graphic elements. By shortening the name, replacing the 1970s typeface, removing the restrictive purple field around the logotype, and adding the tagline, the company’s strongest attributes are captured visually.

Company vehicles have become moving billboards. “Whereas ‘Federal Express’ only permitted 55-inch letters on the side of a trailer, the letters spelling FedEx can stand six feet tall,” says Bruce McGovern, Landor’s implementation director. “Airplanes can be read across an entire airfield.”

Costs was also a major concern. FedEx insisted that the changeover be economically smart as well as strategic. “The research, development and launch of our new corporate identity costs less than the production and placement of one average TV commercial,” Christensen reveals. For example, reducing the use of the purple field on large FedEx trucks cut thousands of dollars.

“Eliminating the purple field can save as much as $1,000 in labor and materials on one 53-foot tractor trailer alone,” McGovern says. “And the company owns 10,000 of that type vehicle.” Aircraft paint jobs also will cost much less without purple covering nearly half of the jet, and even better, its absence will reduce surface temperatures of the aircraft by 40 degrees, thus lowering energy needed to cool the planes and allowing FedEx to cut back on fuel costs per flight.

With 30,000 FedEx drop boxes across the country, any savings can be significant. To avoid the expense of repainting boxes in every location, Landor designed a decal system with increased legibility to retrofit over the old logo portion of existing decals. New boxes will look completely different, taking advantage of the larger horizontal logo.

“Ultimately we aren’t just looking for expedient solutions to a client’s image problem,” explains Leader. “We’re looking at how our design affects its bottom line.”

Watching out for the bottom line was what turned the launch schedule topsy-turvy, however. Original plans called for a phased-in changeover of all identity components. But after approving the overall identity system in February 1994, FedEx management asked that Landor design the applications of all components and have them ready to launch in just four months.

“What was driving FedEx management to get the identity up and running that fast was the need to capture opportunities and save costs,” explains Leader. A large number of new trucks and aircraft were about to be delivered and planes newly purchased from Lufthansa had to be re-identified.

“Having those aircraft circling the world with the old logo for the five years it would take before their scheduled repainting made no sense.”

The intensity of the marketplace was another motivating factor. New marketing initiatives and technologies
like FedEx Ship (a proprietary software used by customers to track or ship their own packages) were close to introduction, and management wanted them all to carry the new look.

With a June 24 deadline looming, the design team worked 70-hour weeks. The launch of the new FedEx name was a closely guarded secret, intended by management to catch the public — and the competition — unaware. "We wanted to make an event, to create a whole new identity as if it had happened overnight and get as much coverage as we could," says Christensen.

Two days before the event, a newly converted MD-11 was secretly flown from a paint hangar in Mobile, Ala., and hidden behind the immense doors of FedEx Hangar Ten in Memphis. Meanwhile, FedEx workers, armed with new paint and decals and sworn to secrecy, labored day and night in a sweltering abandoned warehouse on the outskirts of Memphis to dress 40 trucks and vans in time for a public unveiling. On June 24, simultaneous rollout events were held in Memphis, Miami, Paris, Toronto and Hong Kong, and decals were shipped with tight arrival dates to 30 cities in the U.S. and overseas to cover 4,000 vehicles. Ketchum Public Relations, assisted by Landor, handled this extravaganza.

Christensen recalls, "On the day of the launch, we made sure our own people got to see the new identity in all its applications first. Thousands of employees celebrated the Memphis launch, which was broadcast to 100,000 FedEx workers across the globe. When they opened those hangar doors, and the employees on hand or on satellite hook-up were able to see our planes and trucks lined up, all showing this beautiful new mark, it was just tremendous."

FedEx got great media coverage — all the major networks, the global press, the works. "We titled our press
“Just eliminating the purple field from FedEx’s 10,000 tractor trailers enabled the company to save nearly $10 million in labor and materials.”

Landor learned at Sabic Bay, the acrylic, neon-lit letters had to withstand typhoon winds of 120 mph, twice the normal U.S. requirement. “Fred Smith was planning to fly into there only eight weeks after the Sabic Bay deal was completed, and he expected to see skyline signs on the FedEx hangar bearing the new identity,” McGovern recalls. “We had to get it done quickly, and we had to push the vendor to go way beyond what it was accustomed to. It was difficult to build a sign that would be

kit, ‘Something Big Happened Overnight’ and sent it out the night before the event,” Christensen says.

But the event was mere prologue. After it came the hard task of implementation, currently in progress. FedEx put together teams of people in aircraft, vehicle and packaging to make the identity conversion as swift and efficient as possible. “We’re looking at a two to three year plan for full conversion, and we’re about 50% complete at this time,” says Christensen.

Another key area of redesign is uniforms, being handled by Stan Herman in New York, and courier tools, holsters and back braces contracted to Zika Design in Portland, Ore. For the job, Zika’s designers and researchers became couriers to study first-hand how packages are processed and delivered. To gain feedback on new uniform designs, FedEx also conducted employee focus groups worldwide.

Preparing graphic standards for the entire company was another critical task. “For the launch, we developed an interim graphic standards guide in small book form,” says McGovern. Additional ad hoc guidelines were developed to address the specific issues.

The first major sign scheduled to represent the new FedEx identity — giant channel letters for the opening of the company’s new Asia-Pacific hub at the Philippines’ Sabic Bay — was one such issue. Asked to develop a cost-efficient universal design for all FedEx locations,

so substantial and still meet the simplicity and crispness of the new logo style. As usual, Gayle was able to circumvent a lot of the usual committee processes to approve our work with the vendor. She told us to make it happen and make it wonderful.”

However, the Sabic Bay airfield was not yet in operation, and shipping such an oversized load was already a daunting assignment. But FedEx had invented fully integrated movement of cargo back in 1973 — what might have stymied others was all in a night’s work.

The acrylic letters were fabricated in South Carolina, trucked to Chicago, flown to Australia and then to Manila, and finally caravanned over a 4-1/2 hour route on treacherous country roads. Every unit of the neon signs arrived unbroken. And Fred Smith could delight in the company’s new purple and orange colors blazing across the airfield when he landed on the Sabic tarmac, right on schedule.

“The reason this entire changeover was so successful,” says Leader, “was because FedEx management was so committed to making it happen in a big way. From day one this company has understood the value of effective marketing. They have never lumped the management of corporate image into advertising or public relations, like other companies. They have a fundamental appreciation that corporate identity is their most strategic marketing tool.”
Quick, Name that Shape!

Never underestimate the power of a shape. Shape can make a product stand out from competitive brands on the shelf. It can become the architectural signature for a retail chain. Or it can simply be a logo stamped on a family of products as the company's assurance of quality. Able to communicate across cultures in any language, a recognizable shape provides a visual identity even in places where the brand name may be hard to pronounce. But for shape equity to develop, the silhouette must be distinctive and aptly designed for its intended use, and be presented consistently and frequently over time. Here are 16 familiar shapes that have become synonymous with their company or brand. See how many you can name.
Retail is detail,” an adage cited by Starbucks’ chairman and CEO Howard Schultz, is a dictum borne out in every aspect of the company’s operations.

It has turned the consumption of a mundane beverage that’s been around for centuries into a trendy and indispensable social ritual. Before Starbucks burst onto the national scene, drinking coffee had rarely been so stylish. Now, orders for "espresso," "lattes" and "no-whip mochas" are dawning out the simpler requests of yesteryear.

Starbucks moved this beverage out of the kitschy coffee shops, with their waitresses in frilly aprons, and banished all remnants of the dark, smoky beatnik era. The Starbucks sensation is driven not just by the quality of its products but by the entire atmosphere surrounding the purchase of coffee: the openness of its store space, the beauty of its packaging, friendly and knowledgeable service, interesting menu boards, the shape of its counter, the quality of lighting, the texture of the walls, the cleanliness of the floorboards. What Starbucks recognized long before its imitators was that the art of retailing coffee went way beyond product. The details of the total experience mattered.

Insight into the importance of the coffee-drinking environment came in 1983 when Schultz, then director of retail operations, was in Milan. Noting that Italy had some 200,000 espresso bars, he observed the customs of the coffee-drinking public and experienced an epiphany about offering a haven for American coffee lovers. “Coffee houses in Italy are a third place for people after home and work,” he reported. “There’s a relationship of trust and confidence in that environment.”

Returning to Seattle, Schultz convinced the original Starbucks founders to test the coffee bar concept. Its overwhelming success led Schultz, backed by local investors, to acquire Starbucks in 1987.

Since then, Starbucks has crafted a look, a feel, a mood to catapult itself into national prominence and profitability. Every particular — from napkins to coffee bags, store fronts to window seats, annual reports to mail order catalogs, table tops to thermal carafes — seems to reflect what Myra Gose, director of Creative Services and self-described “keeper of the look,” calls “the authentic and organic” roots of Starbucks, its strong sensitivity about community, the environment and what it takes to make a great cup of coffee.

“All our design, whether it’s a packaged food or a new mug, needs to make sense and tell what we’re about,” Gose explains. “We’re a coffee company. We don’t want people scratching their heads, wondering ‘Hey, where did that come from?’”

But not just any kind of coffee company. With a product line that includes over 30 varieties of coffee beans, a heaping assortment of packaged goods, fresh pastries, teas, syrups, and preserves, and a cache of related specialty merchandise — not to mention a new bottled product being test-marketed by PepsiCo, and several proprietary brand names in each retail store in addition to the Starbucks label — defining and refining the corporate image is an ongoing strategic imperative.

That process is supported at the highest levels of the business. In the summer of 1992, company officers asked Starbucks’ marketing staff whether the current packaging of so many diverse products accurately reflected the warm, upbeat, people-oriented style that had won the company its tenacious following.

How does a lone coffee store in Seattle’s busy Pike Place market become North America’s leading retail coffee purveyor? Starbucks created an ambiance and style that infused new chic into this age-old beverage, making it the hip drink of the ’90s.

Underscoring Starbucks’ phenomenal success is its constant vigilance over retail design and packaging.

The story of Starbucks may be less about coffee than about quality design, and how the latter can play a decisive role in a company’s success.
cup or pastry napkin, little wonder that a constant watch is placed over the design of the coffee bars themselves. "It didn't take top management long to realize that good store design enhances the speed of retail execution," says Heckler. The store design staff includes about 80 people divided into regional teams. Each team is headed by a lead designer working with a staff of up to 10 other designers, including several CAD drafters, and the construction manager for the region.

Starbucks' design development team is directed by Brooke McCardy, whose job is to provide leading-edge resources to the store design effort and "to think about what we're going to look like in the year 2000, or whenever it is we hit the moon!" She laughs. We're already looking at ways we can improve our existing design by focusing on what customers and employees think about the look of their stores, and at the same time, we try to anticipate future consumer styles. Is it going to be something new and fast-paced, or will it be a more cyclical return to the old bohemian coffee house?"

At Starbucks, no one becomes a store designer until he or she has actually operated behind the counter. "You have to work in a store before you design one, so you begin to understand what some of the hindrances and helpful things are," explains McCardy.

Though working with a set of base guidelines and stringent timelines, designers can vary the look by region and location with art, murals and lighting fixtures. "Our people get to know the neighborhood and the customers in the area, and they have the latitude to incorporate its quickness or uniqueness so that we don't ever produce a cookie-cutter design," McCardy says.

At the same time, there is a subliminal unifying theme to all the stores that ties into the company's history and mission — "back to nature" without the laid-back attitude; community-minded without stapled manifestos on the walls. The design of a Starbucks store is intended to provide both unhurried sociability and efficiency on-the-run, an appreciation for the natural goodness of coffee and the artistry that grabs you even before the aroma. This approach is reflected in the designers' generous employment of natural woods and richly layered, earthy colors (which have evolved from darker laminates to lighter tones) along with judicious high-tech accessorizing, like halogen fixtures and Zolstone walls (subtle textured splatter-paint finishes). No matter how individual the store, overall store design seems to correspond closely to the company's first and evolving influences: the clean, unadulterated crispness of the Pacific Northwest combined with the urban austerity of an espresso bar in Milan. "Comfortable without seeming too serious," says McCardy.


The exact mix of influences may be arguable, but the results are not. More than 650 retail locations and 11,000 employees (and counting) spread over 18 states and a Canadian province, a vast direct response and wholesale supply business, and plans to quadruple sales to $1 billion in five years, Starbucks is creating one of the most powerful retail magnets in the U.S. beverage industry. It currently is opening 150 new stores a year in new markets across the U.S., and boasts that it serves over 2-1/2 million coffee drinkers each week.

With expansion that meteoric, design is the critical element keeping the image of Starbucks congruent across different markets. "Trying to capture what it means to be in a Starbucks store means having to keep three key principles in mind at all times," says McCardy. "The tangible beverage itself — the design has to be as leading-edge and 'natural' as the coffee without relying on gimmickry or surprises. Then there's tremendous attention to merchandising, which can take on its own look, depending on the lighting, the shelving and wall finishes, the kinds of displays. These require constant design decisions as well. And finally, there's the importance of seating. We have to accommodate the
book lovers and conversationalists as well as the ones who want a quick shot of double espresso and soon are out the door. We’re always having to strike the right balance between seating that looks ‘high design’ and seating that’s comfortable. As we’ve been growing, we’ve been working with fixture and furniture manufacturers to design around our specifications, as opposed to choosing stock items.”

Self-critical design at Starbucks isn’t a recent phenomenon, Heckler recalls the first logo design, which was quickly withdrawn. Created in 1971, its premise was to connect Starbucks with the romance of the high seas and the seductiveness of the siren with the powerful lure of great coffee. “That’s where the idea of the mermaid first came into focus,” remembers Heckler. “We drew upon a 15th-century woodcut of a twin-tailed siren. It was a very straightforward image with bare breasts. We blew that up to put on the side of a truck, and then we said, ‘My gosh, we can’t do that.’ It was far more suggestive than we realized. We got the message real quick. That was our first redesign.”

According to Gose, the corporate logo has always been a “very powerful, very recognizable identity from long distances. It was a looser image in ’71, but it spoke to how things were back then. It has evolved to be simpler, with graphically stronger, cleaner lines. But we’ve held onto the seafaring nature of our identity. Even as we’ve expanded beyond the port of Seattle, we believe the idea of coffee coming from far away places by ship to places across America is still quite powerful. The mythical creature from the sea is a link to the exotic, to the personal and intuitive in people — the choices people make about coffee and the experience that surrounds its enjoyment are just as intuitive and personal.”

Obviously, Starbucks believes it caters to these aspects of consumer desire better than most, and their record seems to confirm it. The modern Italian look that inspired the expansion and redesign of Starbucks coffee stores in the mid-80s, just as influential to corporate strategy as the mermaid logo, is now undergoing analysis and revision. “I think we’re moving past [the sleek espresso bar], getting back to what we feel,” says Gose. “We’re not rejecting its influence outright, but we need to adapt as our audience changes. Our look needs to remain relevant to today. I think people are looking for something to believe in and places to go that evoke home and comfort in this crazy world. That’s a lot of what we’re about.”

“Triple grande non fat, no foam, decaf latte”
Planning Corporate America's Most Important Communication: The Annual Report

Producing a corporate annual report is a bit like being part of a ballet company. It demands knowing your role, following the right steps, and precision timing on everyone's part.

With designers, copywriters, illustrators, photographers, typesetters, proofreaders, corporate management committees, outside auditors, attorneys, printers and mailing houses involved, allotting a reasonable amount of time for each is critical to getting the job done well and on schedule.

In developing an annual report production schedule, most experienced professionals work backwards from the company's SEC filing deadline to determine when each phase must be completed. Typically the process begins about six months in advance.

Here to help you plan your next annual report, we provide a Planning Guide outlining chronological, step-by-step activities and deadlines that fall within a general time frame for clients and designers. Of course, every company has special circumstances. Management approval times vary. Photography scheduling may be contingent on weather or subject availability. By taking all these situations into account (and building in a time cushion for unexpected delays), you can develop a production schedule that will help avoid mistakes and rush charges and allow everyone to perform at their best.

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<td>Review, evaluate and research content direction. Establish the report's objectives and parameters. Select designer.</td>
<td>Develop pagination and prepare sample editorial spreads for client review. Select paper stocks. Make paper dummies for client approval. Prepare overall budget estimates and production schedule. Meet with client to review editorial spreads, budget, schedule, suppliers and photographer/illustrators and get approval to proceed.</td>
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<td>Meet with designer to establish key theme messages for year. Gather background materials for copywriter and designer. Coordinate schedules with finance department and others involved with the report. Approve concept, budget, schedule and layouts submitted by designer.</td>
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<td>Determine photo subjects and locations. Work with designer to coordinate photo shooting schedule and establish contact person at each location. Initiate draft of editorial text. Verify copy quantity for printing bid and paper order. Review printing bids with designer and select printer.</td>
<td>Prepare printing specifications and solicit printing bids. Meet with photographers and illustrators to establish visual objectives for each image. Coordinate schedule and authorize work to begin. Review and revise budget estimate. Develop design concept for maps, graphs and charts. Confirm paper selection and order paper, specifying required delivery date.</td>
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<td>Provide designer with financial section for typesetting. Proofoad entire report and secure all final approvals, including from independent auditors. Proofoad and approve &quot;blueline&quot; proof of report from printer. Provide mailing and shipping instructions to printer. Proofread and give final okay to revised blueline.</td>
<td>Get client approval on all final mechanical art and release to printer. Review and correct color separations. Review and correct blueine and stripped color proof. Check revised blueline. Review any special-mix ink colors, if used.</td>
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Annual Reports: Who Reads Them and Why?

Although corporate America spends as much as $5 billion per year on annual reports, it constantly questions whether it is getting its money's worth. Especially in the no-nonsense 90s, some wonder whether a plain 10-K document would suffice. Or maybe it's time to go electronic and send out financials on CD-ROM? Then again, with shareholders demanding prudent, if not frugal, financial management, would they be happier receiving a thrifty-looking report with no pictures, graphs or apparent design?

"The better the pictures, the more you're able to understand." — Investor

As a manufacturer of premium coated papers frequently used in annual reports, Pottatch Corporation wanted to know too. So it commissioned the respected Yankelovich Partners to conduct a survey of securities analysts, institutional portfolio managers and active investors.

In addition to learning that people don't want just 10-Ks and most haven't seen an electronic annual (but are curious to receive one), the Yankelovich research confirmed that annual reports have the greatest investment influence on those surveyed, outweighing news releases, advertising and even annual shareholders meetings.

What's more, these key audiences claim to read all or most of the report, and the professionals even file it away for future reference.

"Charts are wonderful. They show long-term direction of margins and the composition of costs." — Portfolio manager

But each group says it turns to a different part of the book first. Investors check out the financial summary, especially the earnings line, and look for product development news. Securities analysts head straight for the footnotes in search of juicy tidbits like lawsuits, and portfolio managers want to know what the CEO's letter has to say.

"The design is critical to helping make the report 'work' for the company." — Securities analyst

Perhaps most interesting is that most of those surveyed say they don't mind having a company spend more for a better looking annual report as long as its financials are strong. In fact, a majority of portfolio managers and individual investors, and nearly half of the securities analysts, say that an annual report would be boring without photos.

Even analysts who claim to "only want the numbers" admit they prefer easy-to-read trend information and charts and graphs. What's more, roughly 40% of the individual investors surveyed believe that an annual report made from cheap materials signals that a company may be in trouble.

These are just some of the highlights of the Yankelovich report. The complete research finding, including the point-scale rating of responses, is available from Pottatch Corporation. For a free copy of the report, send a written request on your letterhead to: Pottatch Corporation, Marketing Department, P.O. Box 510, Cloquet, Minn. 55720.

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