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Managing expectations accurately should be the CEO's art

From Mr Bijan Khezri.

Sir, Mark Schneider claims ("Quarterly reports come too late for modern investors", July 23) that public companies would lower their cost of capital if they were to share publicly financial information in real time as uncertainty and guesswork among "modern investors" will be reduced. Regulators should take the lead to gradually get there.

As chief executive of a public company, Mr Schneider surely understands that mastering the "art" of accurately managing expectations is the foundation to running a public company successfully.

The question arises as to whether making financial information publicly available in real time will support better management of public expectations. I doubt it.

The pattern of business performance is increasingly prone to external rather than internal shocks. Many distortions may be less relevant in the mid to long term but could certainly increase volatility and risk premiums in the short term.

If financial information were to be available in real time or on an intra-quarterly basis, CEOs would be challenged to do more explaining and contextualise deviations. Their actual time spent on running the business could be further reduced.

Quarterly reporting since it was first introduced injected a notion of short-termism into running public companies. The infamous end-quarter sales ramp has been a distorting reality, diluting long-term focus.

Quarterly reporting has been a turn-off to many successful entrepreneurs who prefer to keep their company private in order to ringfence the running of their business from the capital markets' frenzy of quarterly short-termism.

To bring forward quarterly filing deadlines is good and in tune with today's IT infrastructures. Going beyond is wrong.

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